

**SOUTHWESTERN OREGON COMMUNITY  
COLLEGE DISTRICT**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2005**

**SOUTHWESTERN OREGON COMMUNITY  
COLLEGE DISTRICT**

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For the Year Ended June 30, 2005**

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**SOUTHWESTERN OREGON COMMUNITY  
COLLEGE DISTRICT**

**COLLEGE DISTRICT OFFICIALS  
As of June 30, 2005**

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Dan Smith  
2551 Troy Lane  
North Bend, OR 97459  
(Resigned 9/26/05)

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Stephen J. Kridelbaugh, President/Clerk – 6/30/05

Dr. Judith Hansen, President/Clerk – 7/1/05

Sheldon Meyer - Dean of Administrative Services

Joe Colo - Business Manager

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Governing Body of the Southwestern Oregon Community College District:

We have audited the accompanying basic financial statements of Southwestern Oregon Community College District (the primary government), as of and for the year ended June 30, 2005, as listed in the table of contents. These basic financial statements are the responsibility of Southwestern Oregon Community College District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of Southwestern Oregon Community College Foundation, Inc. (the component unit), which represents 5%, 20%, and 4%, respectively, of the assets, net assets, and revenues of the College District. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the College District, is based on the report of the other auditors. The discretely presented component unit's (Southwestern Oregon Community College Foundation, Inc.) financial statements as of, and for the year ended, June 30, 2005, were audited by these other auditors whose report dated September 25, 2005, rendered an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Oregon Community College District, and the aggregate discretely presented component unit, as of June 30, 2005, and the results of their operations and cash flows of the primary government for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in NOTE 1, the College District initially reports a component unit as of June 30, 2005.

Management's Discussion and Analysis (MD & A) on pages 4 through 14 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 14, 2005, on our consideration of Southwestern Oregon Community College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Financial Information and Supplemental Financial Schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Southwestern Oregon Community College District. The accompanying Schedule of Expenditures of Federal Awards, as listed in the Audit Section of the Table of Contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such Supplementary Information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied, by us and the other auditors, in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

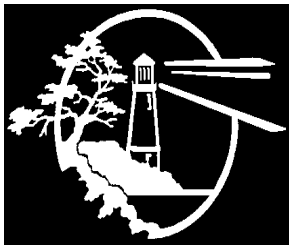
*J. Robert Wall, CPA*

J. Robert Wall, CPA  
Wall & Wall P.C., Certified Public Accountants

Coos Bay, Oregon  
October 14, 2005



## **Management's Discussion and Analysis**



# **SOUTHWESTERN**

## **OREGON COMMUNITY COLLEGE**

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### **Management's Discussion and Analysis**

As management of the Southwestern Oregon Community College District (Southwestern), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2005. This discussion should be read in conjunction with the financial statements and the notes thereto, which follow this section.

#### **New Accounting Standards**

In June 1999 the Government Accounting Standards Board (GASB) released statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". It established a new reporting format for governmental financial statements. Statement No. 34 requires a comprehensive one-line look at the entity as a whole, along with recognition of depreciation on capital assets. In November 1999 GASB issued statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities". It established new reporting standards for public colleges and universities. The College was required to adopt these standards for the fiscal year ending June 30, 2003. This is the second year a comparative analysis is presented in the audited financial statements and this Management's Discussion and Analysis (MD&A).

#### **Financial Highlights**

- The assets of Southwestern exceeded its liabilities at the close of fiscal year 2005 by \$10,183,288 (net assets). Of this amount, \$6,322,559 (unrestricted net assets) may be used to meet the college's ongoing obligations to citizens, creditors, and employees.
- The College's total net assets decreased by \$4,321,459. This is mainly attributable to the April 15<sup>th</sup> 2005 State appropriation of \$1,519,718 which was delayed until July 15<sup>th</sup> 2005 by legislative action. On a GAAP basis it must be treated as revenue in FY06, while on a budgetary basis it can be considered revenue in FY05. Also, interest expense increased by \$1,015,400, due primarily to the PERS UAL borrowing (\$457,700), the Student Rec Center borrowing (\$285,300), and the OCCI borrowing (\$150,300). Amortization of the College's prepaid pension asset with PERS was another \$498,200.
- Southwestern's governmental funds reported combined ending fund balances of \$13,996,860, a decrease of \$748,131 over the prior year. Of this amount, \$3,061,637 is available for spending at the College's discretion (unreserved fund balance).
- At the end of the fiscal year, the General Fund had an unreserved fund balance of \$1,001,543.
- Southwestern's total debt increased by \$4,408,256.
- The College's enrollment increased by 3.5% based upon FTE.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Southwestern's basic financial statements. The College's basic financial statements are comprised of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The government-wide financial statements are designed to provide readers with a broad overview of Southwestern's finances, in a manner similar to a private-sector business. These financial statements differ significantly, in both the form and the accounting principals utilized, from prior financial statements presented. The financial statements presented in prior years focused on the accountability of funds, while these statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole. They are prepared on the full accrual basis of accounting. The government-wide financial statements are comprised of the following:

- The Statement of Net Assets presents information on all of Southwestern's assets and liabilities, with the difference between the two being reported as net assets. Over time, increases or decreases in net assets are indicators of the improvement or erosion of the College's financial health, when considered along with other factors such as enrollment levels or condition of the facilities.
- The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and the expenses incurred during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, i.e. the full accrual basis of accounting, regardless of the timing of when the cash is received or disbursed. Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation). The utilization of long-lived assets is reflected as depreciation, which amortizes the cost of the capital asset over the expected useful life. Revenues and expenses are reported as either operating or nonoperating, with operating revenues primarily coming from tuition, grants, and contracts. State appropriations and property taxes are classified as nonoperating revenues. Because of the College's dependency on state aid and property tax revenue, this statement presents an operating loss, although net assets remain positive.
- The Statement of Cash Flows presents information on cash flows from operating activities, noncapital financial activities, capital financing activities and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement assists in evaluating financial viability and the College's ability to meet financial obligations as they become due.
- The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

The fund financial statements are similar to what Southwestern has presented in the past. A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. Southwestern, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds at Southwestern can be grouped into three categories: governmental, proprietary, and fiduciary.

- Governmental funds. These are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

Southwestern maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue funds, debt service fund, and the plant fund. Individual fund data for each of the special revenue funds is provided in the form of combining statements elsewhere in this report.

Southwestern adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

- Proprietary funds. The College maintains two different types of propriety funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Within this fund there are separate cost centers for the Bookstore, Newmark Center Operations, Newmark Center Tenants, Student Housing, Food Service Operations, Conferencing, and Culinary Program. Internal service funds are an accounting device used to accumulate and allocate costs internally among the College's various functions. Southwestern uses internal service funds to account for its print shop, motor pool, and mail center. Because these services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the College. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the College's programs. The accounting used for fiduciary funds is much like that used for propriety funds.

## Financial Analysis of the College as a Whole

### Analysis of the Statement of Net Assets

Southwestern's financial position at June 30, 2005 shows assets of \$51,952,932, liabilities of \$41,769,644, and net assets of \$10,183,288. The largest portion of Southwestern's net assets (34.8%) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. The College uses these capital assets to provide services to its students, consequently these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

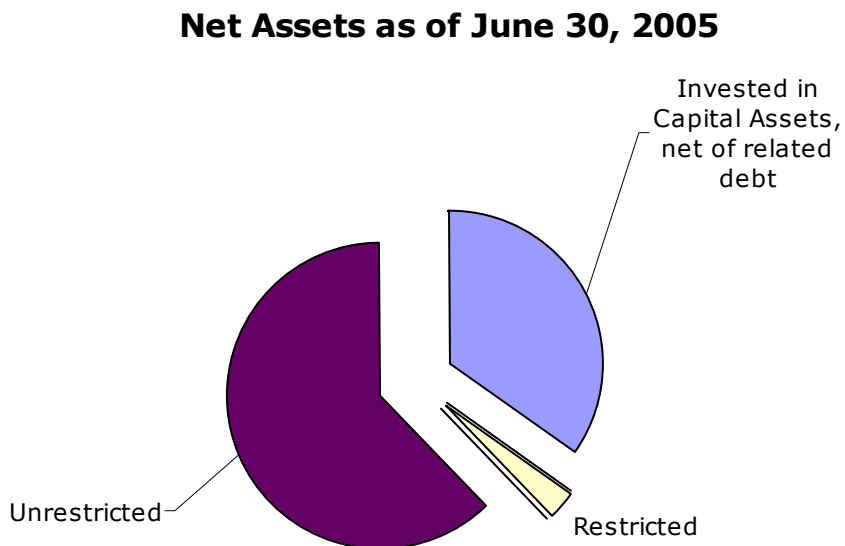
	<u>2005</u>	<u>2004</u>	<u>% Change</u>
<b>Assets</b>			
Current assets	\$15,450,654	\$16,598,413	(6.9%)
Restricted Cash	317,290	833,608	(61.9%)
Net Pension Asset	11,723,789	12,222,011	(4.1%)
Capital assets, net of depreciation	<u>24,461,199</u>	<u>20,009,921</u>	22.2%
Total assets	<u>51,952,932</u>	<u>49,663,953</u>	4.6%
<b>Liabilities</b>			
Current liabilities	5,169,469	3,048,299	69.6%
Long term debt, noncurrent portion	<u>36,600,175</u>	<u>32,110,907</u>	14.0%
Total liabilities	<u>41,769,644</u>	<u>35,159,206</u>	18.8%
<b>Net Assets</b>			
Invested in capital assets, net related debt	3,543,175	8,366,408	(57.6%)
Restricted	317,554	833,843	(61.9%)
Unrestricted	<u>6,322,559</u>	<u>5,304,496</u>	19.2%
Total net assets	<u>\$10,183,288</u>	<u>\$14,504,747</u>	(29.8%)

Current assets include cash and investments, accounts receivable from students, the State of Oregon, and others, property taxes, prepaid expenses, and inventory. The College's current assets of \$15,450,654 were sufficient to cover its current liabilities of \$5,169,469. This represents a ratio of 2.99, a key factor looked at by creditors to help determine an institution's creditworthiness. The net pension asset represents a prepayment to PERS on the College's unfunded actuarial liability (UAL). This will result in lower employer payroll rates in the future. Southwestern's largest noncurrent asset is its investment in capital assets of \$24,461,199, net of accumulated depreciation.

Current liabilities consist primarily of accounts payable, payroll and payroll taxes payable, deferred revenues, compensated absences, and the current portion of long term debt.

The College's investment in capital assets (e.g., land, buildings, and equipment), less any related outstanding debt used to acquire those assets, reflects approximately 34.8% of its total net assets. Those assets are used to provide services to students, consequently they are not available for future spending. Restricted net assets consist of amounts set aside for student financial aid, grants/contracts, and cash earmarked to pay capitalized interest on bonded indebtedness. Unrestricted net assets are available for the continuing operation of the college.

The following graph shows the allocation of net assets at 6/30/05:



Analysis of the Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results of the College as well as the nonoperating revenues and expenses. Annual State appropriations and property taxes, while budgeted for operations, are considered nonoperating revenues according to generally accepted accounting principles (GAAP).

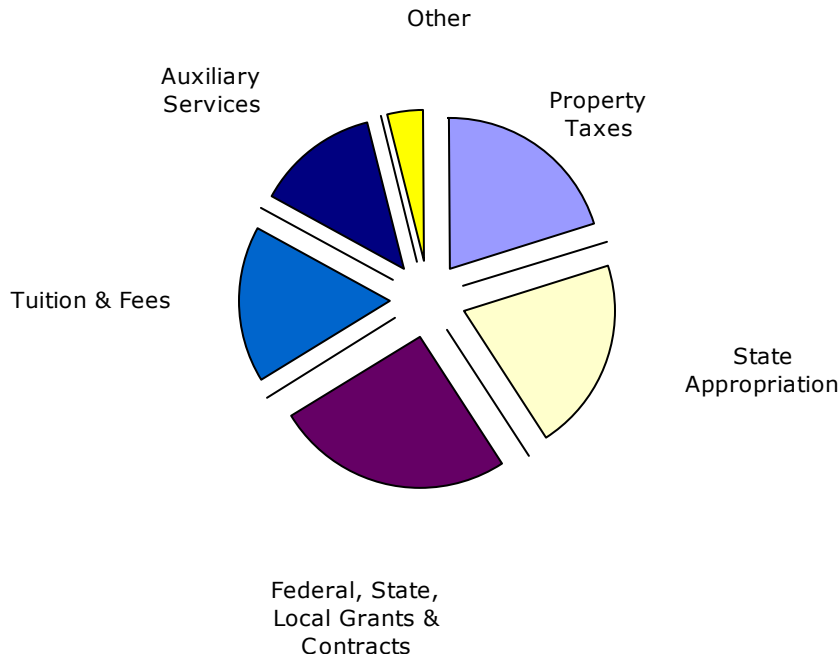
<b>Operating Results for the Year ending June 30</b>	<b>2005</b>	<b>2004</b>	<b>% Change</b>
Operating Revenues			
Tuition & Fees (net of scholarship allowances)	\$ 3,768,028	\$ 3,814,653	(1.2%)
Federal, State, and Local Grants & Contracts	5,632,934	4,919,410	14.5%
Auxiliary (net of scholarship allowances)	2,923,048	2,970,442	(1.6%)
Total Operating Revenues	<u>12,324,010</u>	<u>11,704,505</u>	5.3%
Operating Expenses			
Instruction	7,086,049	6,260,136	13.2%
Instructional Support	2,377,716	2,345,053	1.4%
College Support	2,726,981	2,813,393	(3.1%)
Plant Operations & Maintenance	1,115,574	1,098,400	1.6%
Student Services	1,621,983	1,414,679	14.7%
Community Services	3,121,723	2,741,106	13.9%
Financial Aid	2,649,696	2,346,741	12.9%
Auxiliary Enterprises	2,856,114	2,261,419	26.3%
Early Retirement Costs	215,615	218,905	(1.5%)
Depreciation	767,019	750,237	2.2%
PERS UAL Amortization	498,222	-	-
Total Operating Expenses	<u>25,036,692</u>	<u>22,250,069</u>	12.5%
Net Operating Gain (Loss)	<u>(12,712,682)</u>	<u>(10,545,564)</u>	20.6%
Nonoperating Revenues			
State Appropriation	4,623,432	8,006,388	(42.3%)
Property Taxes	4,542,635	4,333,894	4.8%
Other	899,062	578,067	55.5%
Total Nonoperating Revenues	<u>10,065,129</u>	<u>12,918,349</u>	(22.1%)
Nonoperating Expenses	<u>(1,673,906)</u>	<u>(649,760)</u>	257.6%
Increase (Decrease) in Net Assets	(4,321,459)	1,723,025	(350.8%)
Net Assets, Beginning of Year	14,504,747	12,781,722	13.5%
Net Assets, End of Year	<u>\$10,183,288</u>	<u>\$14,504,747</u>	(29.8%)

The most significant sources of operating revenues for the College are federal, state, and local grants and contracts (including financial aid), student tuition and fees, and auxiliary services such as Student Housing or the Bookstore. Revenue from grants and contracts (including financial aid) totaled \$5,632,934. Tuition and fees totaled \$3,768,028. Auxiliary services totaled \$2,923,048.

The largest nonoperating revenue source is from the State of Oregon. Annually, the State appropriates funding for community colleges. The College received \$4,623,432 for FTE reimbursement in fiscal year 2005. This was \$3,382,956 less than the College received in fiscal year 2004. The primary difference was from the change in the payment structure of the State FTE reimbursement. The final payment of \$1,519,718 for FY05 was delayed until July 15, 2005 by legislative action, and therefore is included in the College's financial statements for fiscal year 2006. Also, the College's 4<sup>th</sup> quarter payment for fiscal year 2003 of \$1,865,806 was likewise delayed until July 15, 2003, and thus was included in fiscal year 2004. Additional nonoperating revenues of \$4,542,635 were received from property taxes that the College levied.

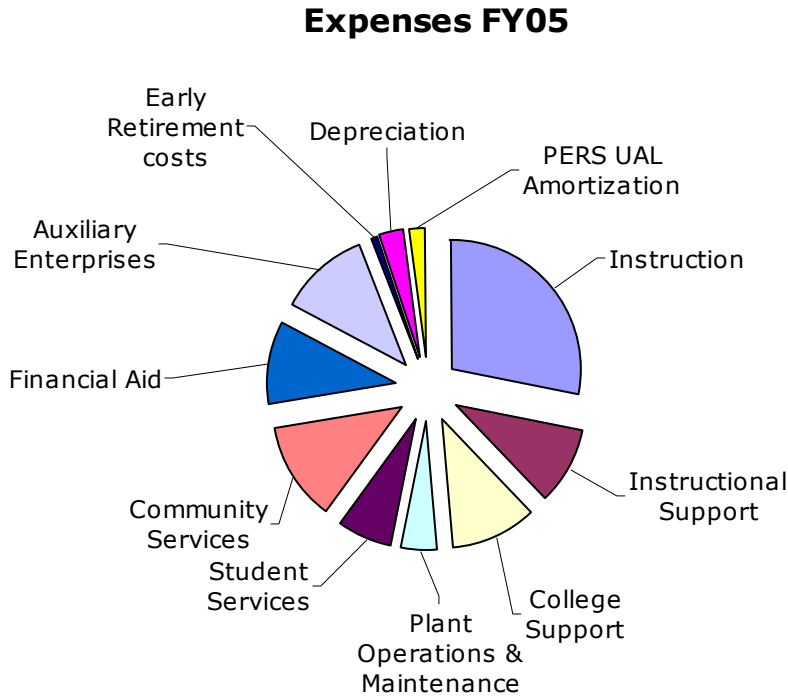
The following graph shows the allocation of revenues, both operating and nonoperating, for the College:

**Revenue Sources for Fiscal Year 2005**





Operating expenses totaling \$25,036,692 include salaries and benefits, materials and supplies, utilities, scholarships, and depreciation. Instruction and instructional support represent the largest portion of total expenses. The most significant nonoperating expense is interest on long term debt. The following graph shows the allocation of expenses at the College:



Analysis of the Statement of Cash Flows

This statement provides an assessment of the financial health of the college. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the college during a specific period. The statement of cash flows also helps users assess the ability of the college to meet obligations as they become due and the need for external financing.

	<u>2005</u>	<u>2004</u>
Cash Provided By (Used In):		
Operating Activities	\$ (10,168,332)	\$ (9,609,802)
Noncapital Financing Activities	9,484,658	84,880
Capital Financing Activities	(1,953,891)	21,844,675
Investing Activities	307,842	116,239
Net Increase (Decrease) in Cash	(2,329,723)	12,435,992
Cash – Beginning of Year	14,706,919	2,270,927
Cash – End of Year	<u>\$ 12,377,196</u>	<u>\$ 14,706,919</u>

The major sources of funds included in operating activities include student tuition and fees, federal/state financial aid, grants and contracts, and auxiliary enterprises.

Major uses were payments made to employees and suppliers, and student financial aid. State FTE reimbursement and property taxes are the primary sources of noncapital financing. The new accounting standards require that we reflect these sources of revenue as nonoperating, even though the College's budget depends on these revenues to continue the current level of operations. The main noncapital financing use in 2004 was the prepayment to PERS of the College's UAL, causing the resulting balance to be so low. The primary financing activities were the payment of principal and interest on long-term debt, cash received from the sale of pension bonds, revenue bonds, and advance refunding bonds, and cash use to defease old debt.

### **Budgetary Highlights**

Southwestern adopts an annual budget at the fund level, which is under the modified accrual method of accounting for governmental funds, and on the accrual basis of accounting for proprietary and fiduciary funds. Transfers of appropriations between existing budget categories can be authorized by Board resolution. There were few significant differences from the Original Adopted Budget and the Adjusted Budget. Differences of interest between the two are summarized below:

- General Fund – Approximately \$86,400 of Contingency funds were transferred out to other funds and/or cost centers. The Contingency line item is used at the discretion of the President/Board of Education for unanticipated expenditures of a one-time nature.
- Auxiliary Fund – This fund received \$32,000 of Contingency transfer from the General Fund for unbudgeted playoff travel for the College's sports teams.

### **Capital Assets and Debt Administration**

#### Capital Assets

The College's investment in capital assets as of June 30, 2005 amounts to \$24,461,199 net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, equipment, and art & historical treasures. The main sources of increase this year were Construction Work in Progress for the OCCI building (\$2,599,000), the Student Rec Center (\$302,300), and Student Housing Phase IV (\$1,883,000).

#### Long Term Debt

At the end of the fiscal year, Southwestern's outstanding long term debt amounted to \$38,794,300. Of this amount, \$1,841,687 represents lease purchase certificates of participation, \$2,613 is notes payable, and \$36,950,000 is bonds payable.

Southwestern borrowed \$13,075,000 during fiscal year 2004 to reduce its unfunded actuarial liability (UAL) with PERS. The monies were promptly given to PERS, and will result in lower employer rates in the future.

The College advance refunded \$8,815,000 of leases payable for the Newmark Center, Student Housing, and the Performing Arts Center in fiscal year 2004 to take advantage of lower long-term interest rates.

In June 2004 Southwestern borrowed \$9,855,000 to construct a culinary arts building and a student recreation center. Both projects, when completed, will have independent income streams available to pay principal and interest on the obligations.

In March 2005 Southwestern borrowed \$4,800,000 to construct additional student housing. These new units will allow the College to increase its student population from out of district, and support its strategy of increased enrollments. As with the other student housing borrowings, rental payments from the student occupants will completely pay operations, maintenance, and debt service on the units.

Oregon Revised Statutes Chapter 341 limits the amount of general obligation bonds which an Oregon community college may have outstanding at any time to 1.5% of the true cash value of the taxable property within the community college district. Southwestern has no general obligation bonds outstanding at this time. However, it could issue approximately \$90,000,000 of general obligation bonds and stay within the limit. Obligations secured by lease payments and other non-general obligations are not subject to the debt limitations described in this section.

The College has promptly met principal and interest payments on indebtedness when due. Additionally, the College has no authorized but unissued bonds outstanding.

### **Component Unit**

Included in the financial report this year is information for Southwestern Oregon Community College Foundation, Inc. The Foundation was incorporated on January 3, 1962, and registered as a separate non-for-profit corporation with the State of Oregon. Their Articles of Incorporation establish that the purpose of the Foundation is to support the college. The Foundation has a 501 (c) 3 status under the provisions of the Internal Revenue Code, and is exempt from Federal Income Tax. Contributions to the Foundation are tax deductible as defined by the IRS regulations. Bylaws govern the internal affairs of the Foundation. A Board of Directors sets policies for Foundation operations.

The Foundation operates within a written agreement with the College that clearly defines Foundation activities and establishes College support of the Foundation.

The Foundation receives, administers, and disposes of property given to benefit the College, coordinates fundraising efforts, and assists in promoting the College to the public.

Financial information for the component unit is found in the financial statements (pages 15-18) in a discrete column. Summary information follows:

	<u>2005</u>		<u>2005</u>
Current Assets	\$ 347,677	Operating Revenues	\$741,984
Non-current Assets	<u>2,278,881</u>	Operating Expenses	<u>(325,996)</u>
Total Assets	<u>\$2,626,558</u>	Operating Gain (Loss)	<u>\$415,988</u>
Current Liabilities	\$ 105,208	Non-operating Revenues	\$ 157,504
Restricted Net Assets	2,398,397	Increase in Net Assets	573,492
Unrestricted Net Assets	<u>122,953</u>	Net Assets – Beg. of Year	<u>1,947,858</u>
Total Liabilities & Net Assets	<u>\$2,626,558</u>	Net Assets – End of Year	<u>\$2,521,350</u>

### **Economic Factors and Next Year's Budget**

During one of the five special legislative sessions in calendar year 2002, in an attempt to balance the State budget, the legislature passed SB1022. It cancelled the portion of the appropriation that it had intended to pay to the seventeen community colleges in the last quarter of fiscal year 2005. Southwestern's share was \$1,519,718. The State reappropriated the amount in fiscal year 2006. It was indeed paid to Southwestern on July 15, 2005. According to GAAP, the College must recognize this as revenue in fiscal year 2006, which we will. The State appropriation has increased significantly for fiscal year 2006 after being drastically cut in fiscal year 2003, but is still only at the level of fiscal year 2001. Southwestern will continue to cultivate its enterprise activities in order to make itself less dependent upon State support.

Another issue facing the College is the unfunded actuarial liability (UAL) in the Oregon Public Employees' Retirement System (PERS) due to the economic downturn and the declining stock market for the past three years. While Southwestern borrowed \$13,075,000 to pay down its UAL to PERS, the employer rate decreased dramatically. However, rates may continue to rise in the foreseeable future unless the legislature implements some relief for public employers and/or the stock market quickly turns around. It is anticipated that any legislative reforms will be tied up in the court system for years.

Tuition was increased \$4 per credit for FY05. The technology fee was increased \$1 to recognize our increasing dependence upon computers and the related infrastructure. So far it appears that these increases have not significantly affected enrollments.

### **Request for Information**

This financial report is designed to provide a general overview of Southwestern Oregon Community College's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

Business Manager  
 Southwestern Oregon Community College  
 1988 Newmark Avenue  
 Coos Bay OR 97420

## **BASIC FINANCIAL STATEMENTS**

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**STATEMENT OF NET ASSETS**  
**June 30, 2005**

	Primary Government	Component Unit
<b>ASSETS AND OTHER DEBITS</b>		
Current assets		
Cash and cash equivalents	\$ 12,059,906	\$ 336,190
Receivables		
Taxes	281,914	-
Accounts	2,727,971	-
Pledges	-	11,487
Loans	12,782	-
Other agencies	32,928	-
Prepaid expenses	171,403	-
Inventory	163,750	-
Total current assets	15,450,654	347,677
Noncurrent assets		
Restricted cash - pension and refunding bonds	317,290	-
Long-term investments	-	2,144,970
Net pension asset	11,723,789	-
Capital assets (net of accumulated depreciation)	24,461,199	133,911
Total noncurrent assets	36,502,278	2,278,881
<b>Total assets and other debits</b>	<b>51,952,932</b>	<b>2,626,558</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	1,304,557	105,208
Accrued expenses	428,952	-
Compensated absences payable	452,328	-
Accrued interest payable	124,051	-
Due to other agencies	108,188	-
Deferred revenue	1,146,686	-
Early retirement benefits	846,823	-
Current portions of long-term debt		
Notes payable	2,613	-
Advance refunding bonds	472,111	-
Revenue bonds	128,800	-
Capital leases payable	154,360	-
Total current liabilities	\$ 5,169,469	\$ 105,208

The notes to the basic financial statements are an integral part of this statement.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**STATEMENT OF NET ASSETS (continued)**  
**June 30, 2005**

	Primary Government	Component Unit
<b>Total current liabilities (from previous page)</b>	<b>\$ 5,169,469</b>	<b>\$ 105,208</b>
Noncurrent liabilities		
Notes payable	2,613	-
Advance refunding bonds	9,315,000	-
Pension bonds	13,075,000	-
Revenue bonds	14,560,000	-
Capital leases payable	1,841,687	-
Less: current portion of long-term debt	(757,884)	-
Less: unamortized discounts and issuing costs	(562,120)	-
Less: unamortized refunding difference	(874,121)	-
	36,600,175	-
Total noncurrent liabilities		-
<b>Total liabilities</b>	<b>41,769,644</b>	<b>105,208</b>
<b>NET ASSETS</b>		
Net assets invested in capital assets	24,461,199	-
Less: related debt	(20,918,024)	-
	3,543,175	-
Investment in capital assets, net		-
Restricted assets		
Pension and refunding bonds cash	317,290	-
Student financial aid grants and loans	264	-
Temporarily restricted	-	1,967,068
Permanently restricted	-	431,329
Unrestricted	6,322,559	122,953
	10,183,288	2,521,350
<b>Total net assets</b>		<b>2,521,350</b>
<b>Total liabilities and net assets</b>	<b>\$ 51,952,932</b>	<b>\$ 2,626,558</b>

The notes to the basic financial statements are an integral part of this statement.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2005**

	Primary Government	Component Unit
<b>OPERATING REVENUES</b>		
Student tuition and fees, net of scholarship allowances of \$461,498	\$ 3,768,028	\$ -
Federal grants and contracts	5,111,548	-
State and local government grants and contracts	440,034	-
Nongovernment grants, contracts, and special fees	81,352	-
Auxiliary enterprises		
Food services	13,823	-
Bookstore, net of scholarship allowances of \$173,062	803,998	-
Student housing, net of scholarship allowances of \$380,736	1,129,324	-
Newmark center	383,720	-
Conferences	229,602	-
Culinary arts, net of scholarship allowances of \$138,449	362,581	-
Donations	-	723,955
Other revenues	-	18,029
	<u>12,324,010</u>	<u>741,984</u>
Total operating revenues		
<b>OPERATING EXPENSES</b>		
Education and general		
Instruction	7,086,049	-
Instructional support	2,377,716	-
College support	2,726,981	-
Plant operations and maintenance	1,115,574	-
Other support services		
Student services	1,621,983	-
Community services	3,121,723	-
Student financial aid	2,649,696	-
Auxiliary enterprises		
Food services	30,052	-
Bookstore	859,298	-
Student housing	1,068,317	-
Newmark center	197,767	-
Conferences	205,383	-
Culinary arts	495,297	-
Early retirement costs	215,615	-
Depreciation expense	767,019	18,853
Amortization expense	498,222	-
Foundation operating expenses	-	307,143
	<u>25,036,692</u>	<u>325,996</u>
Total operating expenses		
Excess (deficiency) of revenues over (under) expenditures (carried forward to next page)	<u>\$ (12,712,682)</u>	<u>\$ 415,988</u>

The notes to the basic financial statements are an integral part of this statement.



**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (continued)**  
**For the Year Ended June 30, 2005**

	<u>Primary Government</u>	<u>Component Unit</u>
<b>Excess (deficiency) of revenues over (under) expenditures (from previous page)</b>	\$ <u>(12,712,682)</u>	\$ <u>415,988</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State FTE reimbursement	4,623,432	-
Other state sources	591,220	-
Property taxes	4,542,635	-
Interest and investment income	307,842	157,504
Interest expense	<u>(1,673,906)</u>	<u>-</u>
Total net non-operating revenues (expenses)	<u>8,391,223</u>	<u>157,504</u>
Net change in net assets	(4,321,459)	573,492
<b>NET ASSETS</b>		
Net assets - beginning of the year	<u>14,504,747</u>	<u>1,947,858</u>
Net assets - end of the year	<u>\$ 10,183,288</u>	<u>\$ 2,521,350</u>

The notes to the basic financial statements are an integral part of this statement.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2005**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 3,298,629
Federal student financial aid grants	1,801,908
Federal grants and contracts	3,309,640
State and local government grants and contracts	804,818
Payments to suppliers for goods and services	(4,209,212)
Payments to employees and payroll taxing agencies	(13,040,312)
Payments for student financial aid and other scholarships	(2,649,696)
Payment for early retirement	(216,683)
Auxiliary enterprises:	
Cash received from customers	3,541,000
Paid to suppliers and employees	<u>(2,808,424)</u>

Net cash (used) by operating activities \$ (10,168,332)

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Cash received from property taxes	4,260,721
Cash received from State FTE reimbursement	4,632,717
Cash received from other state sources	591,220
Transfers from other funds	1,839,368
Transfers to other funds	<u>(1,839,368)</u>

Net cash provided by non-capital financing activities 9,484,658

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of capital assets	(4,502,333)
Cash received from revenue bond proceeds	4,800,000
Payments for revenue bond issuance costs	(37,158)
Cash received from capital lease debt proceeds	144,553
Principal payments on long-term debt	(720,837)
Interest payments on long-term debt	<u>(1,638,116)</u>

Net cash (used) by capital and related financing activities (1,953,891)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on investments	<u>307,842</u>
-------------------------	----------------

**NET (DECREASE) IN CASH AND CASH EQUIVALENTS** \$ (2,329,723)  
**(carried forward to next page)**

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**STATEMENT OF CASH FLOWS (continued)**  
**For the Year Ended June 30, 2005**

<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS (from previous page)</b>	<b>\$ (2,329,723)</b>
Cash and cash equivalents, July 1, 2004	<u>14,706,919</u>
Cash and cash equivalents, June 30, 2005	<u><u>\$ 12,377,196</u></u>
<b>RECONCILIATION TO AMOUNTS SHOWN ON STATEMENT OF NET ASSETS</b>	
Unrestricted cash and cash equivalents	\$ 12,059,906
Restricted cash and cash equivalents	<u>317,290</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 12,377,196</u></u>
<b>RECONCILIATION OF NET INCOME TO NET CASH (USED) BY OPERATING ACTIVITIES</b>	
Operating (loss)	\$ (12,712,682)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	767,019
Amortization	
Prepaid pension asset	498,222
Debt issuance costs	64,697
Debt defeasance difference	60,859
Change in assets and liabilities	
Accounts receivable	221,722
Prepaid expenses	(165,002)
Inventories	(29,606)
Accounts payable	107,034
Accrued expenses	77,388
Due to other agencies	7,027
Deferred revenue	1,146,686
Compensated absences payable	4,987
Early retirement	<u>(216,683)</u>
Net cash used by operating activities	<u><u>\$ (10,168,332)</u></u>

The notes to the basic financial statements are an integral part of this statement.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

Notes to the basic financial statements consist of a summary of significant accounting policies and all additional information necessary for a fair presentation of the basic financial statements in conformity with generally accepted accounting principles.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Southwestern Oregon Community College District (College District) the primary government and municipal corporation, is a post-secondary institution, which was established in 1961 to provide educational courses and programs to citizens on the south coast of Oregon. The College District currently serves all of Coos County, western Douglas County, and Curry County.

In evaluating how to define the College District for financial reporting purposes, management has considered all potential component units. Based on the application of the criteria established by *Governmental Accounting Standards Board* (GASB), the following is a review of one component unit included in the District's reporting entity.

Southwestern Oregon Community College Foundation, Inc.: This component unit is an Oregon non-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and, as such, is a separate legal entity. In order to comply with generally accepted reporting practices throughout the State of Oregon, and in accordance with GASB criteria, this unit is included in the College District's reporting entity, as a component unit initially during the year ended June 30, 2005.

In evaluating how to define the College District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria as established by GASB. The accompanying financial statements present the government and its component unit entity for which the government is considered to be financially accountable. This discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

***Discretely presented component unit***

As mentioned above, the Southwestern Oregon Community College Foundation, Inc. (Foundation) is included as a component unit of the College District initially for the year ended June 30, 2005. The Foundation's summarized financial activity and financial position for the current fiscal year are presented in a separate column in the College District's basic financial statements; however, GASB does not require a Statement of Cash Flows presentation within the primary government's financial information. The objective and activities of this corporation are to aid and promote the educational, cultural, and recreational needs of citizens of the Southwestern Oregon Community College District. More specific current goals are to provide additional student financial assistance and to provide funds for development and improvement of any Southwestern Oregon Community College program. The College District provides services to the Foundation in the form of processing cash receipts and disbursements, upon approval by the Foundation Executive Director, through the College's Business Manager and the College's Accounts Payable Department.

The Foundation's major sources of revenue are donations and investment income. The Southwestern Oregon Community College Foundation, Inc. is governed by a twenty-four member Board, two of which are College District Board Members.

**Basis of Presentation**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB, including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities*, issued in June and November 1999. The College District follows the “business-type activities” reporting requirements of GASB Statement No. 35 that provides a comprehensive one-column look at the College District’s financial activities.

**Basis of Accounting**

The basic financial statements are prepared on the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the years for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met.

**Use of Estimates**

The preparation of basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents are considered to be cash on hand, demand deposits, the State of Oregon Treasurer’s Local Government Investment Pool (LGIP) and short-term investments with original maturities of three months or less from the date of acquisition. The LGIP is stated at cost, which approximates fair value. Fair value of the investment in the LGIP is the same as the value of the pool shares.

**Investments**

Oregon Revised Statutes authorize investment in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, repurchase agreements, and bankers’ acceptances. The College District has an investment policy that is more restrictive than the Oregon Revised Statutes. As of June 30, 2005 and for the year then ended, the College District was in compliance with the aforementioned State of Oregon statutes and its internal investment policies. Investments are stated at fair value, which is based on the individual investment’s quoted market prices at year-end.

**Receivables**

All accounts, student loans, grants, and property taxes receivable are shown net of an allowance for uncollectable accounts.

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are payable on November 15, February 15 and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Student loans receivable are recorded as tuition is assessed or as amounts are advanced to students under various federal student financial assistance programs.

Unreimbursed expenses from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenses are incurred. Grant funds received prior to the occurrence of qualifying expenses are recorded as deferred revenue.

**Inventory**

Inventory is stated at the lower of cost or market. Cost is determined by the retail cost method for the Bookstore and first-in/first-out method for all other inventory.

**Capital Assets**

Capital assets include land and land improvements; buildings and building improvements; equipment and machinery; works of art and historical treasures; infrastructure, which includes utility systems; leasehold improvements; and construction in progress. The College District's capitalization threshold is \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Library books are capitalized. Donated capital assets are recorded at fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value or functionality of the assets' lives are not capitalized, but are expensed as incurred.

Buildings, equipment and machinery, infrastructure, leasehold improvements, and land improvements of the College District are depreciated using the straight-line method over the following lives:

Buildings and building improvements	20-60 years
Equipment and machinery	5-25 years
Land improvements	15-30 years
Library books	43 years

**Compensated Absences**

It is the College District's policy to permit employees to accumulate earned but unused vacation and sick pay. There is no liability for unpaid accumulated sick leave since the College District does not have a policy to pay any amounts when employees separate from service. For the government-wide financial reporting, unused vacation pay is recognized as an expense and accrued when earned.

**Long-term Obligations, Bond Discounts, and Issuance Costs**

Long-term obligations and rebatable arbitrage are reported in the government-wide and proprietary fund financial statements as liabilities. The governmental individual fund financial statements do not report long-term obligations or rebatable arbitrage because they do not require the use of current financial resources.

Bond discounts, and issuance costs are deferred and amortized over the term of the bonds using the bonds-outstanding method in the government-wide and proprietary fund financial statements, but are recognized during the current period in the governmental individual fund financial statements. The bonds-outstanding method does not differ significantly from the effective interest rate method.

Interest accretion on deep discount obligations is calculated based on the initial yield to maturity as set forth in the bond's Official Statement. Accreted interest increases bonds payable and interest expense as reported in the government-wide and proprietary fund financial statements. Interest accretion is not reported in the governmental individual fund financial statements.

**Operating Revenues and Expenses**

Operating revenues and expenses generally result from providing services to students. Principal operating revenues include tuition, federal and state grants, charges for services and sale of educational material. Operating expenses include the costs of faculty, administration, sales, and services for food services and bookstore operations and depreciation. All other revenues, including state educational support, and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Scholarship Allowances**

Financial aid to students is reported in the basic financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the basic financial statements as operating expense, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a college basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

### **Federal Financial Assistance Program**

The College District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Lending, and Perkins Loans programs. Federal programs are audited in accordance with the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the Compliance Supplement.

### **Net Assets**

GASB Statement No. 34 reports equity as "Net Assets" rather than "Fund Balance". Net assets are classified according to external donor restrictions or availability of assets for satisfaction of College District obligations. Expendable restricted net assets represent funds held in federal loan programs.

The restricted net assets of \$317,290 represents cash from pension and advance refunding bond issuances held in restricted cash accounts (\$169,505 and \$147,785, respectively) to be utilized for debt service.

The primary government's unrestricted net asset balance is \$6,322,559 at June 30, 2005.

### **Budgetary Information**

In accordance with Oregon Revised Statutes, the College District adopts annual budgets and makes appropriations on a fund basis, using either the modified accrual or accrual basis of accounting depending on the fund type.

The resolution authorizing appropriations by fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control for appropriations is set at the fund and organization level. Transfers of appropriations may be made between legally authorized appropriations when authorized by Board resolution. In addition, unexpected resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Annual appropriations lapse on June 30.

## **NOTE 2. CASH AND CASH EQUIVALENTS**

Cash and cash and cash equivalents of the primary government at June 30, 2005, are comprised of:

Cash on hand	\$ 4,450
Carrying amount of deposits	2,680,572
Carrying amount of cash with Coos, Curry and Douglas Counties	87,108
State of Oregon Local Government Investment Pool	176,419
Commercial Paper, Notes, and Bonds	9,428,647
Total cash and cash equivalents	<u>\$ 12,377,196</u>
<b>Cash per Statement of Net Assets</b>	
General Fund	\$ 166,101
Special Revenue Fund	1,487,122
Capital Projects Fund	10,343,503
Enterprise Fund	261,426
Trust and Agency Fund	119,044
Total by Funds - primary government	<u>\$ 12,377,196</u>



**NOTE 3. DEPOSITS AND INVESTMENTS****Deposits**

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. As of year ended June 30, 2005, the carrying amount of the College District's deposits in financial institutions was \$12,377,196 and the bank balances were \$12,641,524. All deposits are held in the name of the College District. Of these deposits, all were subject to coverage by federal depository insurance. For deposits in excess of federal depository insurance, Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager. All bank balances in excess of federal depository insurance, if any, are collateralized by securities held by an entity other than the financial institution as an agent of the bank. This collateral is held in the name of the bank(s).

**Investments**

At June 30, 2005, the College District had invested \$176,419 with the Oregon Short-Term Fund (OSTF), which is a cash and investment pool available for use by all state funds and local governments and is maintained by the State Treasurer. The Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. Currently, there are more than 1,500 participants in the Pool. Local government pooled assets are reported as an Investment Trust Fund in Oregon's Comprehensive Annual Financial Report. The Oregon Short-Term Fund Board, established by the Oregon Legislature, advises the Oregon Investment Council and the Oregon State Treasury in the management and investments of the LGIP. The carrying value of this investment (cost) approximates the market value at June 30, 2005. In addition, the College District utilizes three County Treasury Pools for maintaining deposits from property tax collection proceeds (page 27).

**Credit Risk**

The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer of the Pool and it is responsible for all funds in the Pool. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits of the Pool annually. The Divisions, report on the Pool as of and for the year ended June 30, 2005 was unqualified. The College District's funds on deposit in trust with the three County Treasurers are insured by the County Treasurers, who have responsibility for maintaining collateral on those deposits. In addition, the County Treasurers, who are responsible for the regulatory oversight of the pool distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income.

**Concentration Risk**

The College District had concentrations in the following investments at June 30, 2005: LGIP 67%, County Treasury Pools 33% (also refer to next page 26).

**Interest Rate Risk**

The College District does not have a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

### Concentrations of Credit Risks

Financial instruments that potentially subject the College District to concentrations of credit risk consist principally of temporary cash investments. The College District places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution while maintaining additional collateral with two certificates of participation in the following amounts and effective dates:

	<u>Umpqua Bank</u>
July 1, 2004	\$ 16,000,000
August 9	6,000,000
April 5, 2005	11,000,000
May 2	6,000,000

During the year ended June 30, 2005, the College District had deposits in excess of \$400,000 of Federal Deposit Insurance Corporation (FDIC) coverage, and the above \$6.0 million security certificates' coverages, on the following dates:

	<u>Amounts Undercollateralized</u>
January 27	\$ 22,414
through January 31, 2005	to 69,795
February 7	153,327
March 1	236,875
March 2	229,598
April 8 through April 11	4,040,864

These instances resulted from funds deposited to the College District's student financial assistance bank accounts on peak days of receiving financial aid reimbursements.

### **NOTE 4. RECEIVABLES**

Receivables of the primary government as of fiscal year ended June 30, 2005, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Totals</u>
Taxes	\$ 303,133 *	\$ -	\$ -	\$ -	\$ 303,133
Accounts	1,583,601	1,013,229	22,501	108,440	2,727,771
Loans	-	12,782	-	-	12,782
Other agencies	<u>1,519,718 *</u>	<u>32,978</u>	<u>-</u>	<u>-</u>	<u>1,552,696</u>
Net total receivables	<u>\$ 3,406,452</u>	<u>\$ 1,058,989</u>	<u>\$ 22,501</u>	<u>\$ 108,440</u>	<u>\$ 4,596,382</u>

\* Adjusted for basic financial statements GAAP (GASB) basis.

All non-current property taxes receivable are treated as deferred revenue. Intergovernmental receivables are considered to be fully collectible. The General Fund accounts receivable for tuition and fees are net of \$463,138 allowance for uncollectible accounts.

Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by the County of Coos, County of Douglas, and County of Curry and remittance to the College District is made at periodic intervals. For fiscal year 2004-2005, the College District levied property taxes in the amount of \$3,706,763. After reduction for estimated shared offsets and loss due to constitutional limits of \$46,765, this resulted in a net levy of \$3,839,059. The tax rate for the fiscal year 2004-2005 was \$.7017 per \$1,000 of assessed value before compression due to constitutional limits.

Following is a summary of property tax transactions of the primary government for the fiscal year ended June 30, 2005:

	Receivable 7/1/2004	2004-2005 Net Levy	Collections and Adjustments	Receivable 6/30/05
<b>Coos County</b>				
2004-05	\$ -	\$ 2,260,062	\$ (2,148,313)	\$ 111,749
2003-04	114,171	-	(62,369)	51,802
2002-03	61,972	-	(29,567)	32,405
2001-02	36,518	-	(23,486)	13,032
2000-01	13,438	-	(10,951)	2,487
1999-00	2,064	-	(1,021)	1,043
1998-99	724	-	(500)	224
Prior years	5,707	-	(2,582)	3,125
Total Coos County	<u>234,594</u>	<u>2,260,062</u>	<u>(2,278,789)</u>	<u>215,867</u>
<b>Curry County</b>				
2004-05	-	1,344,896	(1,307,830)	37,066
2003-04	39,029	-	(22,319)	16,711
2002-03	18,317	-	(9,832)	8,486
2001-02	8,157	-	(5,871)	2,286
2000-01	3,335	-	(3,027)	309
1999-00	451	-	(57)	394
1998-99	299	-	(270)	29
Prior years	369	-	(85)	285
Total Curry County	<u>69,958</u>	<u>1,344,896</u>	<u>(1,349,290)</u>	<u>65,564</u>
<b>Douglas County</b>				
2004-05	-	234,101	(223,449)	10,652
2003-04	11,134	-	(6,185)	4,948
2002-03	6,169	-	(2,424)	3,745
2001-02	4,872	-	(3,149)	1,723
2000-01	1,143	-	(912)	231
1999-00	206	-	(120)	85
1998-99	134	-	(66)	68
Prior years	317	-	(68)	250
Total Douglas County	<u>23,975</u>	<u>234,101</u>	<u>(236,374)</u>	<u>21,702</u>
<b>Total</b>	<u>\$ 328,527</u>	<u>\$ 3,839,059</u>	<u>\$ (3,864,453)</u>	<u>\$ 303,133</u>

**NOTE 5. CAPITAL ASSETS - Primary Government**

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
Capital assets not being depreciated				
Land	\$ 128,619	\$ -	\$ -	\$ 128,619
Construction in progress	213,513	4,808,086	-	5,021,599
Art works collection	145,000	-	-	145,000
Total capital assets not being depreciated	<u>487,132</u>	<u>4,808,086</u>	<u>-</u>	<u>5,295,218</u>
Capital assets being depreciated				
Land improvements	973,816	-	-	973,816
Library books	501,093	41,343	(32,257)	510,179
Buildings	23,681,286	79,524	-	23,760,810
Equipment and vehicles	3,139,797	353,857	(84,655)	3,408,999
Total capital assets being depreciated	<u>28,295,992</u>	<u>474,724</u>	<u>(116,912)</u>	<u>28,653,804</u>
Less accumulated depreciation for				
Land improvements	(720,782)	(30,945)	-	(751,727)
Library books	(215,886)	(11,865)	13,908	(213,843)
Buildings	(5,887,701)	(503,269)	-	(6,390,970)
Equipment and vehicles	(1,948,834)	(220,940)	38,491	(2,131,283)
Total accumulated depreciation	<u>(8,773,203)</u>	<u>(767,019)</u>	<u>52,399</u>	<u>(9,487,823)</u>
Total capital assets being depreciated, net	<u>19,522,789</u>	<u>(292,295)</u>	<u>(64,513)</u>	<u>19,165,981</u>
Total capital assets, net	<u>\$ 20,009,921</u>	<u>\$ 4,515,791</u>	<u>\$ (64,513)</u>	<u>\$ 24,461,199</u>

**NOTE 6. LONG-TERM DEBT - Primary Government****Limited Tax Bonds**

The College District issues limited tax bonds in governmental and business-type activities. Limited tax bonds include limited tax revenue bonds, full faith and credit obligations, and limited tax pension bonds. The limited tax revenue bonds financed the following:

Pension Bonds - The College District issued limited tax pension bonds in February 2004 (the "Pension Bonds"). Net proceeds of the Pension Bonds were deposited into a lump sum payment account at PERS for the benefit of the College District. This Pension Bond was issued as part of a larger pool of pension obligations. The College District's Pension Bonds refinance a portion of the Unfunded Actuarial Liability allocated to the College District in the Oregon Public Employees Retirement System (see "Pension System" herein). The Pension Bonds were issued in the principal amount of \$13,075,000. Such lump sum payment reduced the College District's current payroll contribution rates (see "Pension System" herein), and, if returns on the account exceed the cost of the borrowing, will result in a net benefit to the College District. Payment of debt service on the Pension Bond is primarily from the College District's General Fund, the same fund from which the College District would have made pension plan contributions for the Unfunded Actuarial Liability.

<u>Pension Obligation Bonds</u>	<u>Date Of Issue</u>	<u>Date Of Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Series 2004	2/24/04	6/30/28	\$ 13,075,000	\$ 13,075,000

Limited tax pension bonds financed a portion of the estimated unfunded actuarial liability with the Oregon Public Employees Retirement System. All limited tax bonds are backed by the full faith and credit of the College District, within the limitations of Article XI of the Oregon Constitution, and are to be repaid from existing revenue sources.

The future debt maturity requirements are as follows at June 30, 2005:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$ -	\$ 704,189	\$ 704,189
2007	-	704,189	704,189
2008	-	704,189	704,189
2009	15,000	704,189	719,189
2010	55,000	703,647	758,647
2011-2015	1,030,000	3,437,703	4,467,703
2016-2020	2,745,000	3,024,265	5,769,265
2021-2025	5,340,000	2,026,158	7,366,158
2026-2028	3,890,000	390,695	4,280,695
Total	\$ <u>13,075,000</u>	\$ <u>12,399,224</u>	\$ <u>25,474,224</u>

*Other Limited Tax Obligations* - The College District issued its other Full Faith and Credit Obligations for a variety of projects as described below:

- (1) *Student Services Center/Bookstore* - Financed by the College District's Full Faith and Credit Obligations, Series 1995 ("Series 1995 Obligations").
- (2) *One-Stop Career Center and Family Center* - Financed by the College District's Full Faith and Credit Obligations, Series 1995B ("Series 1995B Obligations"), partially refunded in 2003. Lease revenues and grants are generated from the One-Stop Center and Family Center.
- (3) *Student Housing Projects* - Were financed by the College District's (i) Full Faith and Credit Obligations, Series 1996 ("Series 1996 Obligations") refunded in 2003; (ii) Full Faith and Credit Obligations, Series 1998 ("Series 1998 Obligations"); and (iii) Full Faith and Credit Obligations, 2000 Series A ("2000 Series A Obligations") refunded in 2003; generate rental income. The College District designated \$230,000 of monies in its Plant Fund as a "safety net" for student housing. Funds from this safety net and other resources available to the College District are expected to be used to offset any negative cash flows derived from student housing projects.
- (4) *Student Housing Projects* - Series 2005, March 17, 2005, \$4,800,000 Housing Phase IV for new student housing facilities - limited tax full faith and credit revenue bonds.
- (5) *Performing Arts Center, Stensland Hall and the Newmark Center* - The College District issued its Full Faith and Credit Obligations, Series 2002 ("Series 2002 Obligations") to finance repairs to Stensland Hall and the Newmark Center and to complete construction of the Performing Arts Center. The portion of the 2000 Series A Obligations and the Series 2002 Obligations used to finance the Performing Arts Center and the repairs to Stensland Hall and the Newmark Center will not generate rental income.
- (6) *Culinary Institute and Student Recreation Center* - The College District is currently issuing its Full Faith and Credit Obligations, Series 2004 to finance a culinary institute and a student recreation center (see "Purpose and Use of Proceeds" herein).

Repayment of principal and interest on the College District's outstanding full faith and credit obligations are secured by lease payments.

<u>Full Faith and Credit Obligations</u>	<u>Date of Issue</u>	<u>Interest Rates (%)</u>	<u>Amount Issued</u>	<u>Ending Balance</u>
Series 1995 Obligations	06/01/95	4.5-5.00%	\$ 315,000	\$ 135,000
1995 Series B Obligations	12/01/95	4.6-5.60%	3,800,000	-
Series 1998 Obligations	06/01/98	4.5-5.40%	840,000	690,000
Series 2002 Obligations	01/01/02	4.0-5.25%	910,000	740,000
Series 2003 Refunding Obligations (1)	10/01/03	2.0-4.60%	9,980,000	9,315,000
Series 2004 Obligations	06/01/04	2.0-5.00%	9,855,000	9,760,000
Series 2005 Obligations	03/29/05	3.0-5.00%	4,800,000	<u>4,800,000</u>
				25,440,000
Series 2004 Pension Bonds	02/24/04	3.348-5.53%	13,075,000	<u>13,075,000</u>
Total Full Faith and Credit Obligations				<u>\$ 38,515,000</u>

(1) The College District's Full Faith and Credit Refunding Obligations, Series 2003 refunded all of the Series 1996 Obligations and 2000 Series A Obligations in order to realize a savings on debt service payments.

Limited Tax Revenue Bonds - The College District also issues bonds where the College District pledges income derived from the acquired or constructed assets to pay debt service. No amounts outstanding at the end of the current fiscal year related to bonds issued in prior years. During the year \$9,855,000 of revenue bonds were issued to finance construction projects for the new Culinary Arts facility and construct a new Student Recreation Center facility. Revenue bonds outstanding at year-end are as follows:

<u>Purpose</u>	<u>Fund-type</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding Balance at 6/30/05</u>
Student Recreation Center	Governmental	2.00 - 5.00%	\$ 6,257,925	\$ 6,197,600
Culinary Arts Institute	Enterprise	2.00 - 5.00%	<u>3,597,075</u>	<u>3,562,400</u>
Total Government-Wide Business-Type Activity			<u>\$ 9,855,000</u>	<u>\$ 9,760,000</u>

The future debt maturity requirements are as follows at June 30, 2005:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 120,000	\$ 447,377	\$ 567,377
2007	135,000	444,378	579,378
2008	150,000	440,665	590,665
2009	170,000	435,790	605,790
2010	190,000	429,840	619,840
2011-2015	1,295,000	2,020,005	3,315,005
2016-2020	2,040,000	1,689,518	3,729,518
2021-2025	3,100,000	1,125,830	4,225,830
2026-2028	<u>2,560,000</u>	<u>262,750</u>	<u>2,822,750</u>
Total	<u>\$ 9,760,000</u>	<u>\$ 7,296,153</u>	<u>\$ 17,056,153</u>

Advance Refundings - The College District issued \$9,980,000 of limited tax full faith and credit refunding obligation bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of previous obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net assets.

The original reacquisition price exceeded the net carrying amount of the old debt and is being netted against the new debt and amortized over the remaining life of the refunded debt which had remaining payments of 13, 18, and 22 years remaining at defeasance. The amount of the unamortized portion of this exceeded issuance/defeasance difference at June 30, 2005, is \$874,121 with annual amortization expenses, government-wide, totaling \$60,859.

<u>Purpose</u>	<u>Fund-type</u>	<u>Interest Rates %</u>	<u>Amount Issued</u>	<u>Ending Balance</u>
Performing Arts Center	Governmental	2.00 - 4.60%	\$ 1,286,668	\$ 1,148,894
Newmark Center	Enterprise	2.00 - 4.60%	3,379,500	3,234,886
Student Housing	Enterprise	2.00 - 4.60%	<u>5,313,832</u>	<u>4,931,220</u>
Total Government-Wide Business-Type Activity			\$ <u>9,980,000</u>	\$ <u>9,315,000</u>

The future debt maturity requirements are as follows at June 30, 2005:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 475,000	\$ 332,017	\$ 807,017
2007	485,000	322,518	807,518
2008	500,000	311,605	811,605
2009	520,000	299,105	819,105
2010	545,000	284,805	829,805
2011-2015	3,120,000	1,130,663	4,250,663
2016-2020	2,185,000	578,005	2,763,005
2021-2025	<u>1,485,000</u>	<u>176,655</u>	<u>1,661,655</u>
Total	\$ <u>9,315,000</u>	\$ <u>3,435,373</u>	\$ <u>12,750,373</u>

On March 29, 2005, the College District issued \$4,800,000 of Full Faith and Credit Obligations Series 2005 for the purpose of financing capital construction and improvements, including designing, constructing, equipping, and furnishing student housing and facilities, and paying issuance costs. The College District expects to make the financing payments through rent derived from the housing units.

The future maturity of these full faith and credit bonds are as follows at June 30, 2005:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 85,000	\$ 243,488	\$ 328,488
2007	120,000	205,165	325,165
2008	125,000	201,565	326,565
2009	130,000	197,815	327,815
2010	135,000	193,915	328,915
2011-2015	750,000	896,750	1,646,750
2016-2020	910,000	731,950	1,641,950
2021-2025	1,130,000	505,130	1,635,130
2026-2028	<u>1,415,000</u>	<u>219,000</u>	<u>1,634,000</u>
Total	\$ <u>4,800,000</u>	\$ <u>3,394,778</u>	\$ <u>8,194,778</u>

**NOTE 7. CAPITAL LEASES - Primary Government**

During the fiscal year 2001-2002, the College District financed the completion of the Performing Arts Center, and various building repairs, known as the Dryvit Project and reported in the governmental funds. The College District borrowed \$910,000, with interest payments due every December and June. Principal payments are due in June through the year 2016. The interest rate varies from 4.0% to 5.25%. The future maturities of the debt retirement obligation pertaining to the Dryvit Project at June 30, 2005, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$ 39,688	\$ 26,789	\$ 66,477
2007	39,688	25,003	64,691
2008	39,688	23,217	62,905
2009	43,296	21,332	64,628
2010	46,904	19,276	66,180
2011-2015	263,384	58,792	322,176
2016	61,336	3,220	64,556
Total	\$ 533,984	\$ 177,631	\$ 711,615

The future maturities of the debt retirement obligation pertaining to the Performing Arts Center at June 30, 2005, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$ 15,312	\$ 10,336	\$ 25,648
2007	15,312	9,647	24,959
2008	15,312	8,957	24,269
2009	16,704	8,230	24,934
2010	18,096	7,437	25,533
2011-2015	101,616	22,683	124,299
2016	23,664	1,242	24,906
Total	\$ 206,016	\$ 68,532	\$ 274,548

During the fiscal year 1996-1997, the College District financed the construction of Stensland Hall through a capital lease with the Bank of New York in the amount of \$315,000. The present value of the net minimum lease payments at June 30, 2005 is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$ 25,000	\$ 7,845	\$ 32,845
2007	25,000	6,445	31,445
2008	25,000	5,020	30,020
2009	30,000	3,570	33,570
2010	30,000	1,800	31,800
Total	\$ 135,000	\$ 24,680	\$ 159,680



On August 19, 2003, the College District financed the acquisition of a telephone system through a capital lease with NEC Financial Services, Inc. in the amount of \$207,612. The net capitalized cost and accumulated depreciation of the phone system was \$207,612 and \$41,522, respectively. The present value of the future net minimum lease payments at June 30, 2005 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$ 27,719	\$ 8,281	\$ 36,000
2007	29,332	6,668	36,000
2008	31,037	4,963	36,000
2009	32,844	3,156	36,000
2010	34,754	1,246	36,000
2011	<u>2,986</u>	<u>14</u>	<u>3,000</u>
Total	\$ <u>158,672</u>	\$ <u>24,328</u>	\$ <u>183,000</u>

On August 26, 2004, the College District entered into a lease/purchase agreement with a local financial institution to procure equipment for computer network core upgrade. The net capitalized cost and accumulated depreciation of the equipment was \$144,553 and \$14,455, respectively. This lease purchase requires six equal payments of \$26,539, including 4.04% annual interest, secured by the equipment, with the future minimum lease payments at June 30, 2005, as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$ 21,771	\$ 4,768	\$ 26,539
2007	22,651	3,888	26,539
2008	23,566	2,973	26,539
2009	24,518	2,021	26,539
2010	<u>25,508</u>	<u>1,031</u>	<u>26,539</u>
Total	\$ <u>118,014</u>	\$ <u>14,681</u>	\$ <u>132,695</u>

#### NOTE 8. NOTES PAYABLE - Primary Government

During 1994-1995, the College District borrowed \$110,000 from the Oregon Department of Energy (ODOE) in order to fund a small scale local energy project to conserve energy. The College District is required to remit monthly payments of \$1,272, including interest at 6.9%. The College District granted ODOE a first and prior security interest in the project. Following is a schedule of future debt service requirements for the Oregon Department of Energy:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$ <u>2,613</u>	\$ <u>23</u>	\$ <u>2,636</u>
Total	\$ <u>2,613</u>	\$ <u>23</u>	\$ <u>2,636</u>

**NOTE 9. CHANGES IN LONG-TERM LIABILITIES - Primary Government**

During the fiscal year ended June 30, 2005, the following changes occurred in the amounts reported in the general long-term debt account group type liabilities:

	Beginning Balance 7/1/04	Additions	Reductions	Ending Balance 6/30/05
<b>Governmental activities:</b>				
Full Faith & Credit Obligations				
Capital leases				
Performing Arts Center	\$ 219,936	\$ -	\$ 13,920	\$ 206,016
Dyrvit Project	570,064	-	36,080	533,984
Telephone system	184,868	-	26,195	158,673
Network Core Switch	-	144,553	26,539	118,014
Advance Refunding Bonds				
Performing Arts Center	1,191,374	-	42,480	1,148,894
Less deferred amounts				
Issuance discounts & costs, net of premiums	(14,576)	-	(3,640)	(10,936)
Revenue Bonds				
Student Recreation Center	6,257,925	-	60,325	6,197,600
Less deferred amounts				
Issuance discounts & costs	(162,268)	-	(9,581)	(152,687)
Pension Bonds (PERS)				
Less deferred amounts	13,075,000	-	-	13,075,000
Issuance discounts & costs	(152,406)	-	(6,350)	(146,056)
Notes payable	26,044	-	23,431	2,613
Early retirement	1,063,506	-	216,683	846,823
Compensated absences	447,341	4,987	-	452,328
Total governmental activities long-term liabilities	<u>22,706,808</u>	<u>149,450</u>	<u>426,082</u>	<u>22,430,176</u>
<b>Enterprise activities:</b>				
Full Faith & Credit Obligations				
Capital leases				
Bookstore - Series 1995	160,000	-	25,000	135,000
Student Housing II	715,000	-	25,000	690,000
Newmark Center	55,000	-	55,000	-
Advanced Refunding Bonds				
Newmark Center	3,379,500	-	144,614	3,234,886
Student Housing	5,139,126	-	207,906	4,931,220
Less deferred amounts				
Issuance discounts & costs, net of premiums	(100,629)	(34,592)	(6,439)	(128,782)
Limited Tax Revenue Bonds				
Student Housing	-	4,800,000	-	4,800,000
Less deferred amounts				
Issuance discounts & costs, net of premiums	-	(36,612)	(718)	(35,894)
Revenue Bonds				
Culinary Institute	3,597,075	-	34,675	3,562,400
Less deferred amounts				
Issuance discounts & costs	(92,665)	-	(4,900)	(87,765)
Total enterprise activities long-term liabilities	<u>12,852,407</u>	<u>4,728,796</u>	<u>480,138</u>	<u>17,101,065</u>
Grand total government-wide business-type activities long-term liabilities	<u>\$ 35,559,215</u>	<u>\$4,878,336</u>	<u>\$ 906,220</u>	<u>\$ 39,531,331</u>

**NOTE 10. DEFERRED REVENUE - Primary Government**

Certain payments received for tuition, fees, and student housing represent revenues applicable to future accounting periods and are recorded as deferred items in the fund statements, however, some are eliminated in the government-wide reporting. As of June 30, 2005, the various funds had deferred revenues recorded in the following amounts:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Trust &amp; Agency</u>
Property taxes receivable (Note III B)	\$ 303,133	\$ -	\$ -	\$ -
Tuition	587,075	26,837	196,000	-
Grants/Contracts	-	37,975	-	-
Fees	65,028	106,516	-	6,102
Security deposits	-	-	121,153	-
Total deferred revenue	<u>\$ 955,236</u>	<u>\$ 171,328</u>	<u>\$ 317,153</u>	<u>\$ 6,102</u>

**NOTE 11. CONTRIBUTED CAPITAL - Primary Government**

During the fiscal year 2004-2005, the Plant Fund had no payments for building improvements on behalf of the Enterprise Fund. The following schedule shows the changes in contributed capital.

Balance July 1, 2004	\$ 905,258
Contributed fixed assets	<u>-</u>
Balance June 30, 2005	<u>\$ 905,258</u>

The College District's policy is to record and report the construction and improvement of major facilities' projects in the governmental capital projects fund. At the time the building is completed the portion of use attributable to enterprise business-type activities is "contributed" to those respective fund-types from the governmental activity. The respective related debt, however, is recorded and reported, from inception, directly in the enterprise business-type activity due to the intention of debt servicing by fees or user revenue sources. The Culinary Institute (\$3,537,129) and Student Housing Phase IV (\$4,762,842) facilities at June 30, 2005, recorded related revenue bonded debt of \$8,299,971, less unamortized discounts and costs directly in the Enterprise Fund, resulting in a retained deficit at year end. The government-wide statements, however, match the asset and related long-term debt as one business-type activity under GASB Statement No's 34 and 35.

**NOTE 12. TRANSFERS**

The following is a summary of transfers of the primary government between funds:

Transfers in:	
General Fund	\$ 535,092
Special Revenue Fund	155,739
Debt Service Fund	739,684
Capital Projects Fund	99,970
Enterprise Fund	169,299
Internal Service Fund	130,791
Trust and Agency Fund	<u>8,793</u>
Total transfers in	<u>\$ 1,839,368</u>
Transfers out:	
General Fund	\$ (837,723)
Special Revenue Fund	(761,949)
Capital Projects Fund	(62,088)
Enterprise Fund	(169,123)
Trust and Agency Fund	<u>(8,485)</u>
Total transfers out	<u>\$ (1,839,368)</u>

### Interfund Receivables, Payables, and Transfers, Principal Purposes

Transfers are routinely made for the following purposes:

- To move revenues from the fund in which statute or budget requires them to be collected to the fund from which statute or budget requires them to be expended;
- To move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due;
- To move unrestricted revenues collected in the General Fund to finance various programs and activities accounted for in other funds in accordance with budgetary authorizations; and
- To move revenues collected from restricted sources to other funds to pay for direct expenses.

During fiscal year 2005 all transfers reported above were made for one of these purposes.

#### **NOTE 13. DIFFERENCE IN BUDGETARY BASIS**

Due to various school and college funding issues, the Oregon legislature passed a law allowing college districts that use the accrual basis of accounting to accrue additional budgetary basis State support revenue at June 30, 2005, even though the State was not obligated to pay, or even accrue, such a non-exchange transaction. On the budgetary basis, the College District recognized \$1,519,718 for this fourth quarter disbursement received July 14, 2005, with a similar receivable. For generally accepted accounting principles (GAAP), these amounts do not meet the criteria for accrual and, therefore, are not posted to the government-wide financial statements in accordance with applicable *Governmental Accounting Standards Board (GASB) Statement No. 36*.

#### **NOTE 14. OTHER INFORMATION - Primary Government**

##### **A. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowable claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the College District expects such amounts, if any, to be immaterial.

The College District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the College District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the College District.

##### **B. Risk Management**

The College District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the College District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the College District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years.

##### **C. New Accounting Pronouncements**

In November 2003, the Governmental Accounting Standards Board (GASB) issued Statement of Governmental Accounting Standards No. 42, *Impairment of Capital Assets*, effective for periods beginning after December 15, 2004. This Statement establishes accounting and financial reporting standards for impairment of capital assets and to clarify accounting guidance for insurance recoveries for all funds and activities, including governmental, not previously included.

In July 2004, the GASB issued Statements No. 43 and 45, addressing Other Postemployment Benefits (OPEB) - *Financial Reporting for Postemployment Benefit Plans Other Than Pensions* and *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, respectively. The effective date, phasing in much as GASB Statement 34, is for the fiscal year ending June 30, 2009 for the College District.

In December 2004, the GASB issued Statement No 46, *Net Assets Restricted by Enabling Legislation* to enhance the usefulness and comparability of net asset information reported by state and local governments by clarifying the meaning of the phrase "legally enforceable" as it applies to restrictions imposed on net asset use by enabling legislation and by specifying the accounting and financial reporting requirements for those restricted net assets. The amount of the primary government's net assets at the end of the reporting period that are restricted by enabling legislation should be disclosed in the notes to the financial statements.

#### **D. Related Party**

A Board of Education Member's Insurance Company (major shareholder, Harry Abel), is also the College District's Insurance Agent of Record, however, he declares a potential conflict of interest and abstains from College decision making involvement in that regard. Amounts paid to the Insurance Company during the fiscal year ended June 30, 2005, for various insurance premiums and coverages, totaled \$227,968 and no amounts were owing as of that date.

#### **E. Other Post-employment Benefits**

The College District provides health benefits to qualifying employees who retire prior to the mandatory date. These post-employment benefits are at the mutual convenience for the employer and employee. To be eligible, the participant must have reached age 58 with 20 years of service to the College District. It is also an administrative policy that expenditures for each fiscal year would be approximately \$250,000, at Board discretion. Current projections indicate that the College District has estimated contingent liability of \$846,823 at June 30, 2005. The costs of such benefits are recognized as expenditures when benefits are paid. There are 45 participants currently eligible to receive benefits. For the fiscal year, the College District incurred \$215,615 in benefits for retired employees, which was comprised of health insurance benefits.

#### **F. Defined Benefit Pension Plan**

The College District is a participating employer in the Oregon Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system established under Oregon Revised Statutes (ORS) 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the Pension Program) and a defined contribution portion (the Individual Account Program "IAP"). The Pension Program portion of OPSRP provides a life pension funded by formula takes into account final average salary and years of service.

Beginning in January 1, 2004, all PERS member contributions go in to the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700; by calling (503) 598-7377; or by accessing the PERS website at [www.pers.state.or.us](http://www.pers.state.or.us).

#### Funding Policy

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the OPERB. Covered employees are required by state statute to contribute 6.0% of their annual salary to the system.

In addition to the 6.0% "pick-up", the College District contributed 1.97% of covered payroll to PERS for the fiscal year ended June 30, 2005. This contribution rate was determined as part of the December 31, 2001 actuarial evaluation and was recalculated to reflect the impact of recently passed legislation (House Bills 2001, 2003 and 2004). The next actuarial valuation is scheduled to be conducted as of December 31, 2003 and was not available at the time these financial statements were completed. This valuation is to be used to establish rates as of July 1, 2005.

#### Annual Pension Cost

All participating employers are required by law to submit the contributions as adopted by OPERB. For the fiscal year ended June 30, 2005, the College District's annual pension expenditures/expense was \$162,908. This amount consisted of the annual required contribution of \$216,034 (1.97% of the annual covered payroll) and \$498,222 in amortization of pension assets. The College District's contributions were equal to the annual required contributions, which were less than the annual pension cost as a result of the pension obligation bond amortization.

The College District's annual pension cost and pension assets for the year ended June 30, 2005, were as follows:

Annual required contribution	\$ 216,034
Interest on pension assets	(779,916)
Adjustment to the annual required contribution	<u>1,225,012</u>
Annual pension cost	661,130
Contributions made	<u>(162,908)</u>
Decrease in pension assets	498,222
Pension assets, beginning of year	<u>(12,222,011)</u>
Pension assets, end of year	<u>\$ 11,723,789</u>

The College District's pension liability and the annual required contribution rate were determined using the entry age cost method. The unfounded actuarial liability (UAL) created by this method, including gains and losses, is amortized as a level percentage of salary over a period commencing on the valuation date (2001, 2003, 2005, and 2007) and ending on December 31, 2027 using closed amortization. Beginning in 2007, each valuations UAL will be amortized over 20 years, again using closed amortization. The actuarial assumptions include an investment return of 8.0% per year, projected salary increase of 4.25%, health cost inflation graded from 8.5% in 2004 to 5% in 2011, and a consumer price inflation component of 3.25%.

The OPERB utilizes a technique called asset smoothing to determine the actuarial value of assets. The actuarial value of assets are reported at fair market value, less a reserve equal to a pro-rata portion of the investment gains (losses) over the four-year period ending on the valuation date. Investment gains (losses), effective from January 1, 2000, are recognized at the rate of 25% per year. The actuarial value of assets is limited to a 10% corridor above and below the fair market value.

The Oregon Legislative Assembly created a second level or "Tier" of OPERS benefits that modified service and disability retirement allowances payable to persons who established PERS membership on or after January 1, 1996 (Tier Two members). Future interest credits are assumed at 8.5% for Tier One and there is no guaranty of future interest credits for Tier Two members.

Due to concerns about the rapidly increasing UAL for the state-wide pension system, the Oregon Legislative Assembly approved significant modifications to the state pension system during their 2003 session. House Bill 2001 addresses crediting the earnings to the Tier One regular accounts. House Bill 2003 addresses the assumed earnings rate, employee contributions and payment of future cost of living adjustments as a means of addressing PERS deficits. House Bill 2004 modifies the actuarial equivalency factor tables. House Bill 2005 makes changes to the PERS board. House Bill 2020 establishes a successor retirement plan called OPSRP. There were also several other bills enacted affecting PERS that do not have a direct impact on the College District or a majority of its employees. A summary of the bills affecting PERS can be found on the PERS web page at:

[http://www.pers.state.or.us/Legislation/2003\\_Legislation/oregon\\_legislative\\_summary.htm](http://www.pers.state.or.us/Legislation/2003_Legislation/oregon_legislative_summary.htm).

The ultimate resolution of the legislative changes is currently being challenged in court. Several municipality employers are being sued in Evans et al vs. City of Grants Pass et al. An Employers Defense Alliance has been formed to defend the entities with participation by the Oregon School Boards Association, the League of Oregon cities, the Association of Oregon Counties, the Special Districts Association of Oregon, and the Oregon Health Science University.

In addition, a settlement has been reached in the case title "City of Eugene, EWEB, et al vs. State of Oregon PERB". In this settlement, the OPERB has agreed to dismiss its appeal of the trial court decision and credit earnings in accordance with the reform legislation. The full implementation of the reform legislation is still contingent on the outcome of Evans et al vs. City of Grants Pass et, al.

The following table presents three-year trend information for the College District's employee pension plan:

Fiscal Year Ended	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Obligation
June 30, 2003	\$ 823,971	\$ 823,971	100%	-
June 30, 2004	1,307,877	1,074,335	82%	-
June 30, 2005	661,130	216,034	100%	-

**State Community Colleges  
Schedule of Funding Progress**  
(amounts in Millions of \$)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Percent	Covered Payroll	UAAL/ Payroll
1995	\$ 5,287.8	\$ 5,648	\$ 359.8	94 %	\$ 1,786.3	20 %
1997	7,013.9	7,382	368.3	95 %	1,628.0	23 %
1999	14,082.9	14,066	(17.4)	100 %	1,820.7	1 %
2001	1,723.5	1,656.9	(66.7)	104 %	267.6	(25) %
2003	1,887.8	1,895.3	7.5	100 %	263.2	3 %

On August 29, 2003, the Oregon Legislative Assembly passed HB 2020 which creates a successor retirement plan to PERS effective for all new hires after passage of the bill, and to any inactive PERS Tier One or Tier Two members who return to employment following a six month or greater break in services. The plan, named the Oregon Public Service Retirement Plan (OPSRP), is administered by the OPERB Board and incorporates both a defined benefit and a defined contribution portion within the same plan.

**SUPPLEMENTAL FINANCIAL INFORMATION**



**COMBINING, INDIVIDUAL FUNDS, AND  
OTHER FINANCIAL SCHEDULES**

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**COMBINING BALANCE SHEET**  
**June 30, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
Cash and cash equivalents	\$ 166,101	\$ 1,487,122	\$ -	\$ 10,343,503
Receivables				
Taxes	303,133	-	-	-
Accounts	1,583,601	1,013,229	-	22,701
Loans	-	12,782	-	-
Other agencies	1,519,718	32,978	-	-
Prepaid expenses	146,123	20,600	-	-
Interfund receivables	-	-	3,000	1,330,238
Inventory	-	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-
Total assets and other debits	<u>\$ 3,718,676</u>	<u>\$ 2,566,711</u>	<u>\$ 3,000</u>	<u>\$ 11,696,442</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 132,573	\$ 221,773	\$ 3,000	\$ 761,219
Accrued expenses	-	100,735	-	-
Payroll payable	272,789	-	-	-
Interfund payable	1,356,535	-	-	-
Accrued interest payable	-	-	-	-
Bonds payable (net of discount)	-	-	-	-
Due to other agencies	-	-	-	-
Deferred revenues	955,236	171,327	-	-
Capital leases/bonds payable	-	-	-	-
Total liabilities	<u>2,717,133</u>	<u>493,835</u>	<u>3,000</u>	<u>761,219</u>
<b>EQUITY AND OTHER CREDITS</b>				
Contributed capital	-	-	-	-
Fund balances (deficit)				
Reserved/designated	-	12,782	-	10,935,223
Debt (deficit) - NOTE 11	-	-	-	-
Unreserved and undesignated	1,001,543	2,060,094	-	-
Total equity and other credits	<u>1,001,543</u>	<u>2,072,876</u>	<u>-</u>	<u>10,935,223</u>
Total liabilities, equity and other credits	<u>\$ 3,718,676</u>	<u>\$ 2,566,711</u>	<u>\$ 3,000</u>	<u>\$ 11,696,442</u>

Enterprise	Internal Service	Trust and Agency	Totals (Memorandum Only)
			June 30, 2005
\$ 261,426	\$ -	\$ 119,044	\$ 12,377,196
-	-	-	303,133
108,440	-	-	2,727,971
-	-	-	12,782
-	-	-	1,552,696
2,632	1,998	50	171,403
-	23,297	-	1,356,535
163,750	-	-	163,750
<u>8,638,573</u>	<u>-</u>	<u>-</u>	<u>8,638,573</u>
<u>\$ 9,174,821</u>	<u>\$ 25,295</u>	<u>\$ 119,094</u>	<u>\$ 27,304,039</u>
\$ 156,613	\$ 25,295	\$ 4,804	\$ 1,305,277
24,661	-	-	125,396
30,767	-	-	303,556
-	-	-	1,356,535
93,873	-	-	93,873
16,038,516	-	-	16,038,516
-	-	108,188	108,188
317,153	-	6,102	1,449,818
135,000	-	-	135,000
<u>16,796,583</u>	<u>25,295</u>	<u>119,094</u>	<u>20,916,159</u>
905,258	-	-	905,258
-	-	-	10,948,005
(8,299,971)	-	-	(8,299,971)
<u>(227,049)</u>	<u>-</u>	<u>-</u>	<u>2,834,588</u>
<u>(7,621,762)</u>	<u>-</u>	<u>-</u>	<u>6,387,880</u>
<u>\$ 9,174,821</u>	<u>\$ 25,295</u>	<u>\$ 119,094</u>	<u>\$ 27,304,039</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES IN COMPLIANCE WITH GAAP**  
**For the Year Ended June 30, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>REVENUES</b>				
Local support	\$ 3,845,325	\$ 415,396	\$ -	\$ -
State support	6,143,150	591,220	-	-
Federal support	35,076	5,076,472	-	-
Tuition and fees	2,046,622	1,332,316	-	-
Other	<u>203,706</u>	<u>660,555</u>	<u>454,282</u>	<u>-</u>
Total revenues	<u>12,273,879</u>	<u>8,075,959</u>	<u>454,282</u>	<u>-</u>
<b>EXPENDITURES</b>				
Personal services	9,869,675	3,249,055	-	-
Materials and services	2,762,808	2,321,539	-	1,662,040
Capital outlay	105,919	103,385	-	3,224,328
Debt service	-	-	232,103	-
Depreciation expense	-	-	-	-
Other financial aid	<u>-</u>	<u>2,023,536</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>12,738,402</u>	<u>7,697,515</u>	<u>232,103</u>	<u>4,886,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(464,523)</u>	<u>378,444</u>	<u>222,179</u>	<u>(4,886,368)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	164,162	21,585	119,553	2,433
Lease proceeds	144,553	-	-	-
Interest expense	<u>-</u>	<u>-</u>	<u>(1,081,416)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>308,715</u>	<u>21,585</u>	<u>(961,863)</u>	<u>2,433</u>
Net income (loss) before operating transfers	<u>(155,808)</u>	<u>400,029</u>	<u>(739,684)</u>	<u>(4,883,935)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Revenue bond proceeds	-	-	-	4,762,842
Operating transfers in	535,092	155,739	739,684	99,970
Operating transfers out	<u>(837,723)</u>	<u>(761,948)</u>	<u>-</u>	<u>(62,089)</u>
Total other financing sources (uses)	<u>(302,631)</u>	<u>(606,209)</u>	<u>739,684</u>	<u>4,800,723</u>
Net change in fund balances	(458,439)	(206,180)	-	(83,212)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>1,459,982</u>	<u>2,266,274</u>	<u>-</u>	<u>11,018,435</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,001,543</u>	<u>\$ 2,060,094</u>	<u>\$ -</u>	<u>\$ 10,935,223</u>

Enterprise Fund	Internal Service Fund	Trust & Agency Fund	Totals before GASB 34 & 35 Adjustments & Reclassifications	GASB 34 & 35 Adjustments		GAAP Basis Totals
				Elimination	Conversion	
\$ -	\$ -	\$ -	\$ 4,260,721	\$ -	\$ 281,914	\$ 4,542,635
-	-	-	6,734,370	-	(1,519,718)	5,214,652
-	-	-	5,111,548	-	-	5,111,548
803,884	-	52,659	4,235,481	(467,453)	-	3,768,028
<u>2,823,806</u>	<u>345,721</u>	<u>116,382</u>	<u>4,604,452</u>	<u>(1,037,968)</u>	<u>(122,050)</u>	<u>3,444,434</u>
<u>3,627,690</u>	<u>345,721</u>	<u>169,041</u>	<u>24,946,572</u>	<u>(1,505,421)</u>	<u>(1,359,854)</u>	<u>22,081,297</u>
729,327	151,532	307	13,999,896	-	526,460	14,526,356
2,196,688	324,980	169,042	9,437,097	(368,853)	(188,763)	8,879,481
-	-	-	3,433,632	-	(3,433,632)	-
5,118	-	-	237,221	-	(237,221)	-
298,225	-	-	298,225	-	468,794	767,019
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,023,536</u>	<u>(1,159,700)</u>	<u>-</u>	<u>863,836</u>
<u>3,229,358</u>	<u>476,512</u>	<u>169,349</u>	<u>29,429,607</u>	<u>(1,528,553)</u>	<u>(2,864,362)</u>	<u>25,036,692</u>
<u>398,332</u>	<u>(130,791)</u>	<u>(308)</u>	<u>(4,483,035)</u>	<u>23,132</u>	<u>1,504,508</u>	<u>(2,955,395)</u>
109	-	-	307,842	-	-	307,842
-	-	-	144,553	-	(144,553)	-
<u>(562,312)</u>	<u>-</u>	<u>-</u>	<u>(1,643,728)</u>	<u>-</u>	<u>(30,178)</u>	<u>(1,673,906)</u>
<u>(562,203)</u>	<u>-</u>	<u>-</u>	<u>(1,191,333)</u>	<u>-</u>	<u>(174,731)</u>	<u>(1,366,064)</u>
<u>(163,871)</u>	<u>(130,791)</u>	<u>(308)</u>	<u>(5,674,368)</u>	<u>23,132</u>	<u>1,329,777</u>	<u>(4,321,459)</u>
-	-	-	4,762,842	-	(4,762,842)	-
169,299	130,791	8,793	1,839,368	(1,839,368)	-	-
<u>(169,123)</u>	<u>-</u>	<u>(8,485)</u>	<u>(1,839,368)</u>	<u>1,839,368</u>	<u>-</u>	<u>-</u>
<u>176</u>	<u>130,791</u>	<u>308</u>	<u>4,762,842</u>	<u>-</u>	<u>(4,762,842)</u>	<u>-</u>
<u>(163,695)</u>	<u>-</u>	<u>-</u>	<u>(911,526)</u>	<u>23,132</u>	<u>(3,433,065)</u>	<u>(4,321,459)</u>
<u>729,080</u>	<u>-</u>	<u>-</u>	<u>15,473,771</u>	<u>-</u>	<u>(969,024)</u>	<u>14,504,747</u>
<u>\$ 565,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,562,245</u>	<u>\$ 23,132</u>	<u>\$ (4,402,089)</u>	<u>\$ 10,183,288</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**RECONCILIATION OF THE COMBINING BALANCE SHEET TO STATEMENT OF NET ASSETS**  
**June 30, 2005**

<b>TOTAL FUND BALANCES, page 41</b>	\$ 14,562,245	
An adjustment is required to eliminate net trust and agency activity back to the activities. The adjustment related to trust and agency is required in this reconciliation.	<u>23,132</u>	\$ 14,585,377
Retained deficit for amount to be contributed to enterprise fund (recognizing same amount of related revenue bonds debt from governmental plant/capital projects fund at completion of student housing facility construction NOTE 11).		(4,762,842)
Contributed capital and adjustment		1,164,252
Capital assets that are not financial resources and therefore are not reported in the governmental funds:		
Cost	18,224,236	
Accumulated depreciation	<u>(7,105,013)</u>	11,119,223
Net pension asset expensed in governmental funds prepayment on PERS UAL	12,455,553	
Accumulated amortization	<u>(731,764)</u>	11,723,789
Assets capitalized not expensed during the		
The discounts and issuance costs on bonds payable are reported in the governmental funds in the year the bonds are issued. However, these discount and costs amounts are amortized over the life of the bonds in the basic financial statements.		
Pension bonds	146,056	
Advance refunding bonds	<u>163,623</u>	309,679
A portion of the College District's revenues are collected after year-end but are not available soon enough to pay for the current years operations, and therefore, are not reported as revenue in the governmental funds.		<u>303,133</u>
<b>Subtotal carried forward to page 43</b>		<b>\$ 34,442,611</b>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**RECONCILIATION OF THE COMBINING BALANCE SHEET**  
**TO STATEMENT OF NET ASSETS (continued)**  
**June 30, 2005**

**Subtotal carried forward from page 42**

\$ 34,442,611

On the budgetary basis, the College District recognized a fourth quarter disbursement received July 14, 2005, with a similar receivable from State (FTE) support. For generally accepted accounting principles (GAAP), these amounts do not meet the criteria for accrual and, therefore, are not posted to the government-wide financial statements in accordance with applicable *Governmental*

(1,519,718)

Long-term liabilities not payable in the current year are not reported as governmental liabilities.

Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.

Accrued interest

348

Long-term debt

Pension bonds

\$ (13,075,000)

Revenue bonds

(6,197,600)

Advance refunding bonds

(1,148,894)

Capital leases

(740,000)

Notes payable

(2,621)

Other debt payable

(276,687)

(21,440,802)

Compensated absences

(452,328)

Early retirement

(846,823)

(22,739,605)

**TOTAL NET ASSETS**

**\$ 10,183,288**

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**  
**RECONCILIATION OF THE COMBINING SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE TO STATEMENT**  
**OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
June 30, 2005

**NET CHANGE IN FUND BALANCE, page 41**

\$ (911,526)

An adjustment is required to eliminate net trust and agency activity back to the activities. The adjustment related to trust and agency is required in

23,132

Amounts reported for governmental activities in the Statement of Revenues, Expenses and Changes in Net Assets are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Revenues, Expenses and Changes in Net Assets the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the

Expenditures for capital assets  
Less current year depreciation

\$ 3,433,632  
(468,794)

2,964,838

Net book value of assets disposed of

(64,514)

Certain revenues may not be collected for several months after year end; they are not considered "available" and are deferred in the governmental

Receivables  
Receivables - property taxes

(57,536)  
(21,219)

(78,755)

Long-term debt proceeds are reported as other financing sources (along with notes and loans reclassified from non-operating revenues) in governmental funds. In the Statement of Net Assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental

Debt issued proceeds  
Student housing revenue bonds  
Capital lease - network core switch  
Repayments  
To paying agent  
For bond principal  
For bond discounts

(4,762,842)  
(144,553)

229,980  
8,578

(4,668,837)

**Subtotal carried forward to page 45**

\$ (2,735,662)



**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT  
Coos Bay, Oregon**

**RECONCILIATION OF THE COMBINING SCHEDULE OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO STATEMENT  
OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (continued)**

June 30, 2005

<b>Brought forward from page 44</b>		\$ (2,735,662)
Governmental funds report as revenues State distributed nonexchange transactions as stipulated by enabling legislation. However, for the full accrual basis of accounting, these revenues do not meet all of the		(1,519,718)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it		
Compensated absences, increase	(28,328)	
Early retirement, decrease	216,683	
Amortization of advance refunding and pension bonds:		
discounts/issuance costs, net of premiums; principal adj.	(29,167)	
Accrued interest on bonds	(30,178)	129,010
Net pension assets - PERS UAL prepaid (negative NPO, net pension obligation).		
Amortization expense - pension cost		(498,222)
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Revenues, Expenses and Changes in Net Assets property taxes are recognized as revenue when levied.		303,133
<b>CHANGE IN NET ASSETS</b>		<b>\$ (4,321,459)</b>

## **GENERAL FUND**

The general fund is used to account for resources and activities directly associated with carrying out those operations related to the College District's basic educational objectives. Included are all resources and activities which are not required legally or by sound financial management to be accounted for in another fund.

Resources are primarily from State operational support, local property taxes and student tuition and fees. The majority of general fund expenditures are salaries, fringe benefits and supplies used to provide student instruction, instructional support and general operations for the College District.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local support	\$ 3,768,800	\$ 3,768,800	\$ 3,845,325	\$ 76,525
State support	6,126,900	6,126,900	6,143,150	16,250
Federal support	87,000	87,000	35,076	(51,924)
Tuition and fees	2,173,740	2,159,300	2,046,622	(112,678)
Other	210,570	210,570	203,706	(6,864)
Total revenues	<u>12,367,010</u>	<u>12,352,570</u>	<u>12,273,879</u>	<u>(78,691)</u>
<b>EXPENDITURES</b>				
Personal services	9,950,950	10,036,510	9,869,675	166,835
Materials and services	2,792,063	2,797,230	2,762,808	34,422
Capital outlay	79,270	112,504	105,919	6,585
Contingency	100,000	13,558	-	13,558
Total expenditures	<u>12,922,283</u>	<u>12,959,802</u>	<u>12,738,402</u>	<u>221,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(555,273)</u>	<u>(607,232)</u>	<u>(464,523)</u>	<u>142,709</u>
<b>NON-OPERATING REVENUES</b>				
Interest income	121,000	121,000	164,162	43,162
Lease proceeds	-	-	144,553	144,553
Total non-operating revenues	<u>121,000</u>	<u>121,000</u>	<u>308,715</u>	<u>187,715</u>
Net income (loss) before operating transfers	<u>(434,273)</u>	<u>(486,232)</u>	<u>(155,808)</u>	<u>330,424</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	661,500	661,500	535,092	(126,408)
Operating transfers out	<u>(922,527)</u>	<u>(870,568)</u>	<u>(837,723)</u>	<u>32,845</u>
Total other financing sources (uses)	<u>(261,027)</u>	<u>(209,068)</u>	<u>(302,631)</u>	<u>(93,563)</u>
Net change in fund balance	(695,300)	(695,300)	(458,439)	236,861
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>945,300</u>	<u>945,300</u>	<u>1,459,982</u>	<u>514,682</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	1,001,543	<u>\$ 751,543</u>

Adjustment to generally accepted accounting principles (GAAP) basis of presentation for fund balance (NOTE 11).

(1,519,718)  
\$ (518,175)

## **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for resources and activities that are required legally or by sound financial management to be accounted for in separate funds.

**AUXILIARY** - This fund is used to account for activities that furnish goods or services to students, faculty, or staff. Activity fees and transfers from other funds are the primary revenue sources.

**FINANCIAL AID** - This fund is used to account for federal and state loans, grants, stipends, or other aid to enrolled students. Pell grants, Perkins Loans, SEOG funds and FWS funds are the primary revenue sources.

**SPECIAL PROJECTS** - This fund is used to account for proceeds of specific revenue sources that are legally restricted to specific purposes other than direct student financial aid. Special projects, grants, and other contracts for designated purposes are the primary revenue sources. Expenditures are restricted to those items designated or stipulated for in the agreements by each grant, project or contract.

**INSURANCE RESERVE** - This fund is used to account for resources set aside to provide additional protection for the College District in case of uninsured losses. Earnings on investments and transfers from other funds are the primary revenue sources.

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**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**SPECIAL REVENUE FUNDS**  
**Combining Balance Sheet**  
**June 30, 2005**

	Auxiliary	Financial Aid	Special Projects
<b>ASSETS</b>			
Cash and cash equivalents	\$ 25,424	\$ (28,480)	\$ 457,531
Receivables:			
Accounts	-	10,081	1,003,148
Loans	-	12,782	-
Other agencies	-	32,978	-
Prepaid expenses	-	-	20,600
Total assets	\$ 25,424	\$ 27,361	\$ 1,481,279
<b>LIABILITIES</b>			
Accounts payable	\$ 14,525	\$ 14,316	\$ 192,037
Accrued expenses	3,311	-	97,424
Deferred revenues	7,588	-	74,004
Total liabilities	25,424	14,316	363,465
<b>FUND BALANCES</b>			
Reserved	-	12,781	-
Unreserved, undesignated	-	264	1,117,814
Total fund balances	-	13,045	1,117,814
Total liabilities and fund balances	\$ 25,424	\$ 27,361	\$ 1,481,279

<u>Insurance Reserve</u>	<u>Totals</u>
\$ 1,032,647	\$ 1,487,122
-	1,013,229
-	12,782
-	32,978
-	20,600
\$ <u>1,032,647</u>	\$ <u>2,566,711</u>
\$ 896	\$ 221,774
-	100,735
<u>89,735</u>	<u>171,327</u>
<u>90,631</u>	<u>493,836</u>
-	12,781
<u>942,016</u>	<u>2,060,094</u>
<u>942,016</u>	<u>2,072,875</u>
\$ <u>1,032,647</u>	\$ <u>2,566,711</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**SPECIAL REVENUE FUNDS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2005**

	<u>Auxiliary</u>	<u>Financial Aid</u>	<u>Special Projects</u>
<b>REVENUES</b>			
Local support	\$ -	\$ -	\$ 415,396
State support	-	288,786	302,434
Federal support	-	1,801,908	3,274,564
Tuition and fees	690,951	-	263,457
Other	6,947	15,233	501,206
Total revenues	<u>697,898</u>	<u>2,105,927</u>	<u>4,757,057</u>
<b>EXPENDITURES</b>			
Personal services	268,944	82,362	2,897,749
Materials and services	462,402	-	1,798,502
Capital outlay	-	-	62,516
Other financial aid	-	2,023,536	-
Total expenditures	<u>731,346</u>	<u>2,105,898</u>	<u>4,758,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,448)</u>	<u>29</u>	<u>(1,710)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	39,741	3,817	87,681
Operating transfers (out)	<u>(6,293)</u>	<u>(3,817)</u>	<u>(386,746)</u>
Total other financing sources (uses)	<u>33,448</u>	<u>-</u>	<u>(299,065)</u>
Net change in fund balance	-	29	(300,775)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>235</u>	<u>1,418,589</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 264</u>	<u>\$ 1,117,814</u>



Insurance Reserve	Totals
\$ -	\$ 415,396
-	591,220
-	5,076,472
377,908	1,332,316
<u>158,754</u>	<u>682,140</u>
<u>536,662</u>	<u>8,097,544</u>
-	3,249,055
60,635	2,321,539
40,869	103,385
-	<u>2,023,536</u>
<u>101,504</u>	<u>7,697,515</u>
<u>435,158</u>	<u>400,029</u>
24,500	155,739
<u>(365,092)</u>	<u>(761,948)</u>
<u>(340,592)</u>	<u>(606,209)</u>
94,566	(206,180)
<u>847,450</u>	<u>2,266,274</u>
<u>\$ 942,016</u>	<u>\$ 2,060,094</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**AUXILIARY FUND**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Tuition and fees	\$ 692,346	\$ 702,305	\$ 690,951	\$ (11,354)
Other	<u>10,690</u>	<u>10,690</u>	<u>6,947</u>	<u>(3,743)</u>
Total revenues	<u>703,036</u>	<u>712,995</u>	<u>697,898</u>	<u>(15,097)</u>
<b>EXPENDITURES</b>				
Personal services	292,576	290,535	268,944	21,591
Materials and services	<u>423,460</u>	<u>467,460</u>	<u>462,402</u>	<u>5,058</u>
Total expenditures	<u>716,036</u>	<u>757,995</u>	<u>731,346</u>	<u>26,649</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,000)</u>	<u>(45,000)</u>	<u>(33,448)</u>	<u>11,552</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	20,000	52,000	39,741	(12,259)
Operating transfers (out)	<u>(7,000)</u>	<u>(7,000)</u>	<u>(6,293)</u>	<u>707</u>
Total other financing sources (uses)	<u>13,000</u>	<u>45,000</u>	<u>33,448</u>	<u>(11,552)</u>
Net change in fund balance	-	-	-	-
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**FINANCIAL AID FUND**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State support	\$ 375,000	\$ 375,000	\$ 288,786	\$ (86,214)
Federal support	3,415,872	3,415,872	1,801,908	(1,613,964)
Other	<u>28,500</u>	<u>28,500</u>	<u>15,233</u>	<u>(13,267)</u>
Total revenues	<u>3,819,372</u>	<u>3,819,372</u>	<u>2,105,927</u>	<u>(1,713,445)</u>
<b>EXPENDITURES</b>				
Personal services	111,938	111,938	82,362	29,576
Other financial aid	<u>3,727,434</u>	<u>3,727,434</u>	<u>2,023,536</u>	<u>1,703,898</u>
Total expenditures	<u>3,839,372</u>	<u>3,839,372</u>	<u>2,105,898</u>	<u>1,733,474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>29</u>	<u>20,029</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	20,000	20,000	3,817	(16,183)
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>(3,817)</u>	<u>(3,817)</u>
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balance	-	-	29	29
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>235</u>	<u>235</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264</u>	<u>\$ 264</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**SPECIAL PROJECTS FUND**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local support	\$ 450,000	\$ 450,000	\$ 415,396	\$ (34,604)
State support	2,000,000	2,000,000	302,434	(1,697,566)
Federal support	1,900,000	1,900,000	3,274,564	1,374,564
Tuition and fees	390,000	390,000	263,457	(126,543)
Other	<u>2,600,000</u>	<u>2,600,000</u>	<u>501,206</u>	<u>(2,098,794)</u>
Total revenues	<u>7,340,000</u>	<u>7,340,000</u>	<u>4,757,057</u>	<u>(2,582,943)</u>
<b>EXPENDITURES</b>				
Personal services	4,200,000	4,243,240	2,897,749	1,345,491
Materials and services	2,663,000	2,627,541	1,798,502	829,039
Capital outlay	<u>478,000</u>	<u>453,000</u>	<u>62,516</u>	<u>390,484</u>
Total expenditures	<u>7,341,000</u>	<u>7,323,781</u>	<u>4,758,767</u>	<u>2,565,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,000)</u>	<u>16,219</u>	<u>(1,710)</u>	<u>(17,929)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	79,900	87,681	87,681	-
Operating transfers (out)	<u>(452,000)</u>	<u>(477,000)</u>	<u>(386,746)</u>	<u>90,254</u>
Total other financing sources (uses)	<u>(372,100)</u>	<u>(389,319)</u>	<u>(299,065)</u>	<u>90,254</u>
Net change in fund balance	(373,100)	(373,100)	(300,775)	72,325
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,090,100</u>	<u>1,090,100</u>	<u>1,418,589</u>	<u>328,489</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 717,000</u>	<u>\$ 717,000</u>	<u>\$ 1,117,814</u>	<u>\$ 400,814</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**INSURANCE RESERVE FUND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Tuition and fees	\$ 368,000	\$ 368,000	\$ 377,908	\$ 9,908
Other	<u>93,000</u>	<u>93,000</u>	<u>158,754</u>	<u>65,754</u>
Total revenues	<u>461,000</u>	<u>461,000</u>	<u>536,662</u>	<u>75,662</u>
<b>EXPENDITURES</b>				
Personal services	494,000	494,000	-	494,000
Materials and services	261,500	261,500	60,635	200,865
Capital outlay	<u>130,000</u>	<u>130,000</u>	<u>40,869</u>	<u>89,131</u>
Total expenditures	<u>885,500</u>	<u>885,500</u>	<u>101,504</u>	<u>783,996</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(424,500)</u>	<u>(424,500)</u>	<u>435,158</u>	<u>859,658</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	24,500	24,500	24,500	-
Operating transfers (out)	<u>(396,500)</u>	<u>(396,500)</u>	<u>(365,092)</u>	<u>31,408</u>
Total other financing sources (uses)	<u>(372,000)</u>	<u>(372,000)</u>	<u>(340,592)</u>	<u>31,408</u>
Net change in fund balance	(796,500)	(796,500)	94,566	891,066
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>796,500</u>	<u>796,500</u>	<u>847,450</u>	<u>50,950</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 942,016</u>	<u>\$ 942,016</u>

## **DEBT SERVICE FUND**

Debt service funds are used to account for the accumulation of resources and payment of general long-term debt principal and interest.

**BONDED DEBT** - This fund is used to account for principal and interest on lease and bonded indebtedness. The primary source of revenue is transfers from the General Fund.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**BONDED DEBT FUND**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Tuition and fees	\$ 751,500	\$ 751,500	\$ -	\$ (751,500)
Other	<u>156,800</u>	<u>156,800</u>	<u>573,835</u>	<u>417,035</u>
Total revenues	<u>908,300</u>	<u>908,300</u>	<u>573,835</u>	<u>(334,465)</u>
<b>EXPENDITURES</b>				
Debt service				
Administrative fee	11,800	11,800	3,461	8,339
Interest	1,500,923	1,500,923	1,081,416	419,507
Principal	<u>305,580</u>	<u>305,580</u>	<u>228,642</u>	<u>76,938</u>
Total expenditures	<u>1,818,303</u>	<u>1,818,303</u>	<u>1,313,519</u>	<u>504,784</u>
Excess (deficiency) of revenues over (under) expenditures	(910,003)	(910,003)	(739,684)	170,319
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	<u>910,003</u>	<u>910,003</u>	<u>739,684</u>	<u>(170,319)</u>
Net change in fund balance	-	-	-	-
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **CAPITAL PROJECTS FUND**

Capital projects funds are used to account for the acquisition and construction of major capital facilities.

**PLANT** - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, the purchase of major initial equipment, and major remodeling. Borrowed funds, earnings on investments, and transfers from other funds are the primary resources.



**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**PLANT FUND**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other	\$ 19,150,000	\$ 19,150,000	\$ 2,433	\$ (19,147,567)
<b>EXPENDITURES</b>				
Materials and services	2,560,064	2,564,824	1,662,040	902,784
Capital outlay	23,493,000	23,493,000	3,224,328	20,268,672
Total expenditures	<u>26,053,064</u>	<u>26,057,824</u>	<u>4,886,368</u>	<u>21,171,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,903,064)</u>	<u>(6,907,824)</u>	<u>(4,883,935)</u>	<u>2,023,889</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Revenue bonds proceeds	4,800,000	4,800,000	4,762,842	(37,158)
Operating transfers in	100,000	105,760	99,970	(5,790)
Operating transfers out	<u>(61,936)</u>	<u>(62,936)</u>	<u>(62,089)</u>	<u>847</u>
Total other financing sources (uses)	<u>4,838,064</u>	<u>4,842,824</u>	<u>4,800,723</u>	<u>(42,101)</u>
Net change in fund balance	(2,065,000)	(2,065,000)	(83,212)	1,981,788
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>2,065,000</u>	<u>2,065,000</u>	<u>11,018,435</u>	<u>8,953,435</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,935,223</u>	<u>\$ 10,935,223</u>

## **PROPRIETARY FUNDS**

**ENTERPRISE FUND** - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent to the College District's board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the College District's board has decided that periodic determination of net income is appropriate for accountability purposes.

**ENTERPRISE** - This fund is used to account for operations of the College District's Bookstore, the Newmark Center, student housing, food service, conferencing, and culinary arts. Sales of books and supplies and lease rental payments are the primary revenue sources.

**INTERNAL SERVICE FUND** - Internal service funds are used to account for the financing of goods or services provided by one department of the College District to other departments on a cost reimbursement basis.

**INTERNAL SERVICE FUND** - This fund is used to account for revenues, reimbursements, and costs related to the print shop, motor pool, and mail center.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**COMBINING BALANCE SHEET - ALL PROPRIETARY FUNDS**  
**June 30, 2005**

	Enterprise	Internal Service	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 261,426	\$ -	\$ 261,426
Receivables:			
Accounts	108,440	-	108,440
Interfund receivables	-	23,297	23,297
Prepaid expenses	2,632	1,998	4,630
Inventory	163,750	-	163,750
Fixed assets (net of accumulated depreciation)	8,638,573	-	8,638,573
Total assets	\$ 9,174,821	\$ 25,295	\$ 9,200,116
<b>LIABILITIES</b>			
Accounts payable	\$ 156,613	\$ 25,295	\$ 181,908
Accrued expenses	24,661	-	24,661
Payroll payable	30,767	-	30,767
Accrued interest payable	93,873	-	93,873
Deferred revenues	317,153	-	317,153
Leases/bonds payable	16,173,516	-	16,173,516
Total liabilities	16,796,583	25,295	16,821,878
<b>FUND BALANCES (deficit)</b>			
Contributed capital	905,258	-	905,258
Unreserved, undesignated (deficit)	(227,049)	-	(227,049)
Reserved (deficit) for debt - NOTE 11	(8,299,971)	-	(8,299,971)
Total fund balances	(7,621,762)	-	(7,621,762)
Total liabilities and fund balances	\$ 9,174,821	\$ 25,295	\$ 9,200,116

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**ALL PROPRIETARY FUNDS**  
**Combining Schedule of Revenues, Expenses and Changes**  
**in Retained Earnings in Compliance with GAAP**  
**For the Year Ended June 30, 2005**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Tuition and fees	\$ 803,884	\$ -	\$ 803,884
Other	<u>2,823,806</u>	<u>345,721</u>	<u>3,169,527</u>
Total operating revenues	<u>3,627,690</u>	<u>345,721</u>	<u>3,973,411</u>
<b>OPERATING EXPENSES</b>			
Personal services	729,327	151,532	880,859
Materials and services	2,196,688	324,980	2,521,668
Debt service	5,118	-	5,118
Depreciation	<u>298,225</u>	<u>-</u>	<u>298,225</u>
Total operating expenses	<u>3,229,358</u>	<u>476,512</u>	<u>3,705,870</u>
Operating income (loss)	<u>398,332</u>	<u>(130,791)</u>	<u>267,541</u>
<b>NON-OPERATING REVENUES/EXPENSES</b>			
Interest income	109	-	109
Interest expense	<u>(562,312)</u>	<u>-</u>	<u>(562,312)</u>
Total non-operating revenues	<u>(562,203)</u>	<u>-</u>	<u>(562,203)</u>
Income (loss) before operating transfers	<u>(163,871)</u>	<u>(130,791)</u>	<u>(294,662)</u>
<b>TRANSFER FROM (TO) OTHER FUNDS</b>			
Transfers in	169,299	130,791	300,090
Transfers (out)	<u>(169,123)</u>	<u>-</u>	<u>(169,123)</u>
Total transfers from (to) other funds	<u>176</u>	<u>130,791</u>	<u>130,967</u>
Net income	(163,695)	-	(163,695)
<b>BEGINNING RETAINED EARNINGS</b>	<u>729,080</u>	<u>-</u>	<u>729,080</u>
<b>ENDING RETAINED EARNINGS</b>	<u>\$ 565,385</u>	<u>\$ -</u>	<u>\$ 565,385</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**  
**COMBINING SCHEDULE OF CASH FLOWS - ALL PROPRIETARY FUND TYPES**  
**For the Year Ended June 30, 2005**

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers and users	\$ 3,568,042	\$ 337,326	\$ 3,905,368
Cash paid to suppliers and employees	<u>(2,978,572)</u>	<u>(492,532)</u>	<u>(3,471,104)</u>
Net cash provided/(used) by operating activities	<u>589,470</u>	<u>(155,206)</u>	<u>434,264</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	169,299	130,791	300,090
Transfers to other funds	<u>(169,123)</u>	<u>-</u>	<u>(169,123)</u>
Net cash provided by non-capital financing activities	<u>176</u>	<u>130,791</u>	<u>130,967</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Bond administrative fees	(5,118)	-	(5,118)
Revenue bond proceeds, net	4,762,842	-	4,762,842
To Plant Fund for construction	(4,762,842)	-	(4,762,842)
Principal payments on long-term debt	(492,195)	-	(492,195)
Interest payments on long-term debt	<u>(562,312)</u>	<u>-</u>	<u>(562,312)</u>
Net cash used by capital and related financing activities	<u>(1,059,625)</u>	<u>-</u>	<u>(1,059,625)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<u>109</u>	<u>-</u>	<u>109</u>
Net increase (decrease) in cash and cash equivalents	(469,870)	(24,415)	(494,285)
<b>CASH AND CASH EQUIVALENTS, JULY 1, 2004</b>	<u>731,296</u>	<u>24,415</u>	<u>755,711</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2005</b>	<u><u>\$ 261,426</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 261,426</u></u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**COMBINING SCHEDULE OF CASH FLOWS - ALL PROPRIETARY FUND TYPES (continued)**  
**For the Year Ended June 30, 2005**

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only)
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 398,332	\$ (130,791)	\$ 267,541
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	298,225	-	298,225
Change in assets and liabilities			
Receivables	(74,296)	(23,297)	(97,593)
Prepaid expenses	(1,008)	(970)	(1,978)
Inventories	(29,606)	-	(29,606)
Accounts payable	15,071	15,050	30,121
Accrued expenses	1,852	(15,198)	(13,346)
Compensated absences payable	7,426	-	7,426
Deferred revenue	(26,526)	-	(26,526)
Net cash provided by operating activities	\$ 589,470	\$ (155,206)	\$ 434,264

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**  
**ENTERPRISE FUND**  
**Schedule of Revenues, Expenses and Changes in Retained Earnings**  
**For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 501,030	\$ 1,021,950	\$ 803,884	\$ (218,066)
Other	<u>2,821,265</u>	<u>3,119,789</u>	<u>2,823,806</u>	<u>(295,983)</u>
Total operating revenues	<u>3,322,295</u>	<u>4,141,739</u>	<u>3,627,690</u>	<u>(514,049)</u>
<b>OPERATING EXPENSES</b>				
Personal services	729,327	732,604	729,327	3,277
Materials and services	2,126,787	2,364,998	2,196,688	168,310
Capital outlay	-	32,000	-	32,000
Debt service				
Interest	-	442,038	562,312	(120,274)
Principal	-	594,630	-	594,630
Fees - admin	-	6,200	5,118	1,082
Depreciation	<u>298,225</u>	<u>-</u>	<u>298,225</u>	<u>(298,225)</u>
Total operating expenses	<u>3,154,339</u>	<u>4,172,470</u>	<u>3,791,670</u>	<u>380,800</u>
Operating income (loss)	167,956	(30,731)	(163,980)	(133,249)
<b>NON-OPERATING REVENUES</b>				
Interest income	<u>-</u>	<u>-</u>	<u>109</u>	<u>109</u>
Income (loss) before operating transfers	<u>167,956</u>	<u>(30,731)</u>	<u>(163,871)</u>	<u>(133,140)</u>
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>				
Transfers in	169,299	169,299	169,299	-
Transfers (out)	<u>(206,123)</u>	<u>(206,123)</u>	<u>(169,123)</u>	<u>37,000</u>
Total transfers from (to) other funds	<u>(36,824)</u>	<u>(36,824)</u>	<u>176</u>	<u>37,000</u>
Net income	131,132	(67,555)	(163,695)	(96,140)
<b>BEGINNING RETAINED EARNINGS</b>	<u>97,427</u>	<u>97,427</u>	<u>729,080</u>	<u>631,653</u>
<b>ENDING RETAINED EARNINGS</b>	<u>\$ 228,559</u>	<u>\$ 29,872</u>	<u>\$ 565,385</u>	<u>\$ 535,513</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**INTERNAL SERVICE FUND**  
**Schedule of Revenues, Expenses and Changes in Retained**  
**Earnings - Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES</b>				
Charges for services	\$ -	\$ 4,481	\$ -	\$ (4,481)
Other	443,100	443,100	345,721	(97,379)
Total operating revenues	<u>443,100</u>	<u>447,581</u>	<u>345,721</u>	<u>(101,860)</u>
<b>OPERATING EXPENSES</b>				
Personal services	141,171	160,652	151,532	9,120
Materials and services	367,480	352,480	324,980	27,500
Total operating expenses	<u>508,651</u>	<u>513,132</u>	<u>476,512</u>	<u>36,620</u>
Income (loss) before operating transfers	(65,551)	(65,551)	(130,791)	(65,240)
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>				
Transfers in	<u>65,551</u>	<u>65,551</u>	<u>130,791</u>	<u>65,240</u>
Net income	-	-	-	-
<b>BEGINNING RETAINED EARNINGS</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>ENDING RETAINED EARNINGS</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



## **TRUST AND AGENCY FUND**

**TRUST AND AGENCY FUND** - This fund is used to account for assets held by the College District as an agent for individuals, private organizations, other governmental units, and/or other funds (e.g. student clubs and service organizations). Expenditure of funds is determined by the organization for whom the funds are held. Contributions and club receipts are the primary revenue sources.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**TRUST AND AGENCY FUND**  
**Statement of Changes in Assets and Liabilities**  
**June 30, 2005**

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005
<b>ASSETS</b>				
Cash and cash equivalents	\$ 115,804	\$ 3,240	\$ -	\$ 119,044
Prepaid items	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
Total assets	<u>\$ 115,804</u>	<u>\$ 3,290</u>	<u>\$ -</u>	<u>\$ 119,094</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 17,617	\$ -	\$ 12,813	\$ 4,804
Due to other agencies	92,085	16,103	-	108,188
Deferred revenue - on-line fees	<u>6,102</u>	<u>-</u>	<u>-</u>	<u>6,102</u>
Total liabilities	<u>\$ 115,804</u>	<u>\$ 16,103</u>	<u>\$ 12,813</u>	<u>\$ 119,094</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**TRUST AND AGENCY FUND**  
**Schedule of Revenues, Expenses and Changes in Working Capital -**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Tuition and fees	\$ 5,000	\$ 5,000	\$ 52,659	\$ 47,659
Other	<u>267,000</u>	<u>267,000</u>	<u>116,382</u>	<u>(150,618)</u>
Total revenues	<u>272,000</u>	<u>272,000</u>	<u>169,041</u>	<u>(102,959)</u>
<b>EXPENDITURES</b>				
Personal services	15,000	15,000	307	14,693
Materials and services	226,000	228,500	169,042	59,458
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>341,000</u>	<u>343,500</u>	<u>169,349</u>	<u>174,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(69,000)</u>	<u>(71,500)</u>	<u>(308)</u>	<u>71,192</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	9,000	11,500	8,793	(2,707)
Operating transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(8,485)</u>	<u>11,515</u>
Total other financing sources (uses)	<u>(11,000)</u>	<u>(8,500)</u>	<u>308</u>	<u>8,808</u>
Net change in fund balance	(80,000)	(80,000)	-	80,000
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUPPLEMENTAL FINANCIAL SCHEDULES**

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**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**COMBINING BALANCE SHEET - ALL ENTERPRISE FUNDS**  
**June 30, 2005**

	<u>Bookstore</u>	<u>Newmark Center Operations</u>	<u>Newmark Center Tenant Services</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 185,479	\$ 249,114	\$ (80,250)
Receivables:			
Accounts	31,046	9,700	75
Interfund receivables	-	-	-
Prepaid expenses	700	1,000	-
Unamortized issuance costs	-	28,727	-
Inventory	163,370	-	-
Fixed assets (net of accumulated depreciation)	<u>262,393</u>	<u>3,060,853</u>	<u>-</u>
Total assets	<u>\$ 642,988</u>	<u>\$ 3,349,394</u>	<u>\$ (80,175)</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,673	\$ 3,230	\$ 4,581
Accrued expenses	4,294	638	1,766
Payroll payable	3,093	2,165	5,953
Interfund payable	-	-	-
Accrued interest payable	654	9,611	-
Deferred revenues	-	-	-
Leases/bonds payable	<u>135,000</u>	<u>2,928,430</u>	<u>-</u>
Total liabilities	<u>149,714</u>	<u>2,944,074</u>	<u>12,300</u>
<b>FUND BALANCES</b>			
Contributed capital	117,687	142,538	-
Reserved (deficit) for debt - NOTE 11	-	-	-
Retained earnings	<u>375,587</u>	<u>262,782</u>	<u>(92,475)</u>
Total fund balances	<u>493,274</u>	<u>405,320</u>	<u>(92,475)</u>
Total liabilities and fund balances	<u>\$ 642,988</u>	<u>\$ 3,349,394</u>	<u>\$ (80,175)</u>

<u>Student Housing Operations</u>	<u>Student Housing Store</u>	<u>Food Service Operations</u>	<u>Conferences</u>	<u>Culinary Arts</u>	<u>Totals</u>
\$ 48,364	\$ (2,501)	\$ (90,729)	\$ (98,843)	\$ 50,792	\$ 261,426
-	-	67,619	-	-	108,440
200	-	-	-	-	200
300	-	-	352	280	2,632
110,402	-	-	-	58,219	197,348
-	380	-	-	-	163,750
<u>5,169,580</u>	<u>-</u>	<u>145,747</u>	<u>-</u>	<u>-</u>	<u>8,638,573</u>
<u>\$ 5,328,846</u>	<u>\$ (2,121)</u>	<u>\$ 122,637</u>	<u>\$ (98,491)</u>	<u>\$ 109,291</u>	<u>\$ 9,372,369</u>
\$ 114,233	\$ -	\$ 2,854	\$ 7,523	\$ 17,519	\$ 156,613
8,333	-	-	2,997	6,633	24,661
13,109	-	-	6,447	-	30,767
-	200	-	-	-	200
70,000	-	-	-	13,608	93,873
108,403	-	-	-	208,750	317,153
<u>9,774,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,532,852</u>	<u>16,370,864</u>
<u>10,088,660</u>	<u>200</u>	<u>2,854</u>	<u>16,967</u>	<u>3,779,362</u>	<u>16,994,131</u>
465,866	-	179,167	-	-	905,258
(4,762,842)	-	-	-	(3,537,129)	(8,299,971)
<u>(462,838)</u>	<u>(2,321)</u>	<u>(59,384)</u>	<u>(115,458)</u>	<u>(132,942)</u>	<u>(227,049)</u>
<u>(4,759,814)</u>	<u>(2,321)</u>	<u>119,783</u>	<u>(115,458)</u>	<u>(3,670,071)</u>	<u>(7,621,762)</u>
<u>\$ 5,328,846</u>	<u>\$ (2,121)</u>	<u>\$ 122,637</u>	<u>\$ (98,491)</u>	<u>\$ 109,291</u>	<u>\$ 9,372,369</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN RETAINED EARNINGS - ALL ENTERPRISE FUNDS**  
**For the Year Ended June 30, 2005**

	<u>Bookstore</u>	<u>Newmark Center Operations</u>	<u>Newmark Center Tenant Services</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ <u>977,060</u>	\$ <u>325,527</u>	\$ <u>58,193</u>
<b>OPERATING EXPENSES</b>			
Personal services	112,625	32,620	66,504
Materials and services	746,673	29,305	69,338
Depreciation	11,719	96,509	-
Debt service	<u>9,805</u>	<u>121,404</u>	<u>-</u>
Total expenditures	<u>880,822</u>	<u>279,838</u>	<u>135,842</u>
Operating income (loss)	<u>96,238</u>	<u>45,689</u>	<u>(77,649)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	-	36	-
Loan activity, expense reimbursement & misc income	2,371	277	-
Loan activity	<u>-</u>	<u>(28,701)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>2,371</u>	<u>(28,388)</u>	<u>-</u>
Income (loss) before transfers	<u>98,609</u>	<u>17,301</u>	<u>(77,649)</u>
<b>TRANSFERS</b>			
Transfers from other funds	-	69,676	-
Transfers to other funds	(40,000)	-	-
Transfers within the fund	<u>-</u>	<u>(11,623)</u>	<u>51,623</u>
Total transfers	<u>(40,000)</u>	<u>58,053</u>	<u>51,623</u>
Net income (loss)	58,609	75,354	(26,026)
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	<u>316,979</u>	<u>187,428</u>	<u>(66,449)</u>
<b>RETAINED EARNINGS - END OF YEAR</b>	<u>\$ <u>375,588</u></u>	<u>\$ <u>262,782</u></u>	<u>\$ <u>(92,475)</u></u>



<u>Student Housing Operations</u>	<u>Student Housing Store</u>	<u>Food Service Operations</u>	<u>Conferences</u>	<u>Culinary Arts</u>	<u>Totals</u>
\$ <u>1,510,060</u>	\$ <u>-</u>	\$ <u>13,823</u>	\$ <u>229,602</u>	\$ <u>501,030</u>	\$ <u>3,615,295</u>
203,734	-	-	72,727	241,117	729,327
864,583	-	30,052	132,656	254,180	2,126,787
185,770	-	4,227	-	-	298,225
<u>271,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,458</u>	<u>567,430</u>
<u>1,525,850</u>	<u>-</u>	<u>34,279</u>	<u>205,383</u>	<u>659,755</u>	<u>3,721,769</u>
<u>(15,790)</u>	<u>-</u>	<u>(20,456)</u>	<u>24,219</u>	<u>(158,725)</u>	<u>(106,474)</u>
74	-	-	-	-	110
1,847	-	-	4,000	3,900	12,395
<u>(37,384)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,816)</u>	<u>(69,901)</u>
<u>(35,463)</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>84</u>	<u>(57,396)</u>
<u>(51,253)</u>	<u>-</u>	<u>(20,456)</u>	<u>28,219</u>	<u>(158,641)</u>	<u>(163,870)</u>
-	-	-	-	-	69,676
(5,000)	-	-	-	(24,500)	(69,500)
<u>(48,000)</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(53,000)</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>(24,500)</u>	<u>176</u>
(104,253)	-	(12,456)	28,219	(183,141)	(163,694)
<u>(358,585)</u>	<u>(2,321)</u>	<u>(46,928)</u>	<u>(143,677)</u>	<u>50,199</u>	<u>(63,354)</u>
\$ <u><u>(462,838)</u></u>	\$ <u><u>(2,321)</u></u>	\$ <u><u>(59,384)</u></u>	\$ <u><u>(115,458)</u></u>	\$ <u><u>(132,942)</u></u>	\$ <u><u>(227,048)</u></u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Coos Bay, Oregon**

**INTERCOLLEGIATE ATHLETICS**

**June 30, 2005**

	<u>Men's Basketball</u>	<u>Women's Basketball</u>	<u>Other Men's Sports</u>	<u>Other Women's Sports ***</u>	<u>General &amp; Administrative</u>	<u>Total</u>
<b>REVENUE *</b>						
Gate receipts	\$ 728	\$ 728	\$ -	\$ -	\$ -	\$ 1,456
Concessions	<u>278</u>	<u>278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>556</u>
Total revenues	<u>\$ 1,006</u>	<u>\$ 1,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,012</u>
<b>EXPENSES **</b>						
Grants-in-aid	\$ 18,866	\$ 16,184	\$ 103,208	\$ 87,668	\$ -	\$ 225,926
Salaries and benefits	7,078	5,016	41,804	34,171	180,874	268,943
Travel	17,662	12,830	80,468	61,898	51,025	223,883
Supplies	4,936	5,630	20,900	21,820	11,425	64,711
Other	<u>10,562</u>	<u>8,176</u>	<u>42,006</u>	<u>28,242</u>	<u>14,369</u>	<u>103,355</u>
Total expenditures	<u>\$ 59,104</u>	<u>\$ 47,836</u>	<u>\$ 288,386</u>	<u>\$ 233,799</u>	<u>\$ 257,693</u>	<u>\$ 886,818</u>
Fund 21 - G/L expenses	<u>\$ 40,239</u>	<u>\$ 31,651</u>	<u>\$ 185,179</u>	<u>\$ 146,130</u>	<u>\$ 257,693</u>	<u>\$ 660,892</u>

\* Revenue derived by the institution from the institution's intercollegiate athletic activities.

\*\* Expenses made by the institution for the institution's intercollegiate athletic activities.

\*\*\* Includes Cheer Dance

**AUDIT SECTION**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Governing Body of  
Southwestern Oregon Community College District, Coos Bay, Oregon:

We have audited the accompanying basic financial statements of the Southwestern Oregon Community College District as of and for the year ended June 30, 2005, and have issued our report thereon dated October 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

The discretely presented component unit's (Southwestern Oregon Community College Foundation, Inc.) financial statements as of, and for the year ended, June 30, 2005, were audited by other auditors whose report dated September 25, 2005, rendered an unqualified opinion.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Southwestern Oregon Community College District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we conveyed recommendations and suggestions for strengthening and improving the Southwestern Oregon Community College District's internal controls in a separate letter to management dated October 14, 2005.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Southwestern Oregon Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of Southwestern Oregon Community College District, in a separate letter dated October 14, 2005.

This report is intended for the information and use of management; the State of Oregon, Secretary of State, Division of Audits; and cognizant and other federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

*J. Robert Wall, CPA*

J. Robert Wall, C.P.A.  
Wall & Wall P.C., Certified Public Accountants

Coos Bay, Oregon  
October 14, 2005

**Other Supplementary Financial Information and Comments  
and Disclosures Required by State Regulations**

Board of Directors  
Southwestern Oregon Community College District  
Coos County, Oregon

Oregon Administrative Rule (OAR) 162-010-0120 requires certain other financial information considered necessary for full disclosure of the fiscal affairs of Oregon municipal corporations. That other financial information is set forth in OAR 162-010-0130 through 162-010-0190. The basic financial statements, notes to the financial statements, and supplementary information, as listed in the table of contents, provide that information.

Oregon Administrative Rule (OAR) 162-010-0200 requires comments and disclosures relating to our audit of the College District's fiscal affairs and compliance with legal requirements as set forth in OAR 162-010-0210 through 162-010-0320. We performed procedures, which may have included samples of transactions, to obtain sufficient audit evidence to support the comments that follow:

- As part of our audit of the basic financial statements, we reviewed and tested the College District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. We found the College District's accounting records to be sufficient for audit. Also, the internal control structure was adequate, however, we have made suggestions for strengthening the internal controls in a separate letter to management dated October 14, 2005
- Other Audit Comments:
  - Accounting Systems And Internal Controls - The Southwestern Oregon Community College District's accounting systems are adequate and the accounting records are properly maintained. The internal controls for the College District are operating as designed and no weaknesses or reportable conditions were noted.
  - Collateral - Balances on deposit with financial institutions were fully secured in accordance with the requirements of ORS 295.015, except for those instances mentioned in NOTE 3 on page 26, which ranged from \$22,414 to \$4,040,864 undercollateralization over twelve days during the fiscal year ended June 30, 2005.
  - Indebtedness - The College District has not exceeded its legal debt limitation as provided by ORS 341.675. The College District was in compliance with all debt covenants and all payments were made on a timely basis.
  - Budget - We have reviewed the preparation, adoption, and execution of the budget for the current year and the preparation and adoption of the ensuing year's budget. This College District has complied with the statutory requirements of Local Budget Law. The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. Total personal services, materials and services, capital outlay, debt service, other financial aid, interfund transfers, and contingency are the levels of control.

- Insurance and Fidelity Bonds - We examined insurance policies relating to insurance and fidelity bond coverage and ascertained that such policies appeared to be in force as of that date. We are not competent by training to state whether the insurance policies covering the College District owned property in force at June 30, 2005, are adequate. The College District has complied with all legal requirements regarding the bonding of College District personnel.
- Investments - The College District is in compliance with legal requirements of ORS 294 pertaining to investment of public funds.
- Least Cost Policy For Public Improvements - The College District is in compliance with the provisions of ORS 279 pertaining to the awarding of public contracts and the construction of public improvements.
- Programs Funded From Outside Sources - We selected and tested, to the extent deemed appropriate, transactions, records, and reports relative to programs funded wholly or partially by other governmental agencies. The results of our tests indicate, for the items tested, the College District complied with the laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies, and, for the items tested, financial reports and related data were in agreement with and supported by the accounting records. Separate reports have been issued to report on compliance with appropriate laws and regulations pertaining to Federal Financial Assistance, along with amounts expended by the College District during the year ended June 30, 2005, from federal financial assistance received, are reported in the Single Audit Section on pages 69 through 74 of this report.

This report is intended solely for the information of the State of Oregon, Secretary of State, Division of Audits and other state agencies and is not intended and should not be used by anyone other than these specified parties.

*J. Robert Wall, CPA*

J. Robert Wall, CPA  
Wall & Wall P.C., Certified Public Accountants

Coos Bay, Oregon  
October 14, 2005

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Governing Body of  
Southwestern Oregon Community College District, Coos Bay, Oregon:

**Compliance**

We have audited the compliance of Southwestern Oregon Community College District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Southwestern Oregon Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Southwestern Oregon Community College District's management. Our responsibility is to express an opinion on Southwestern Oregon Community College District's compliance based on our audit.

We conducted our audit of compliance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwestern Oregon Community College District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Southwestern Oregon Community College District's compliance with those requirements.

In our opinion, Southwestern Oregon Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

**Internal Control Over Compliance**

The management of Southwestern Oregon Community College District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Southwestern Oregon Community College District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider material weaknesses. However, we conveyed recommendations and suggestions for strengthening and improving the Southwestern Oregon Community College District's internal controls in a separate letter to management dated October 14, 2005.

This report is intended solely for the information and use of management; the State of Oregon, Secretary of State, Division of Audits; and cognizant and other federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

*J. Robert Wall, CPA*

J. Robert Wall, C.P.A.  
Wall & Wall P.C., Certified Public Accountants

Coos Bay, Oregon  
October 14, 2005



**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2005**

**Summary Of Audit Results**

1. The independent auditor's report on the financial statements expressed an unqualified opinion.
2. No reportable conditions were reported in the independent auditor's report on internal control over financial reporting.
3. No instance of noncompliance considered material to the financial statements of the College District was disclosed during the audit.
4. No reportable conditions in internal control over compliance with requirements applicable to major federal awards programs were reported in the independent auditor's report on internal control over compliance.
5. The independent auditor's report on compliance with requirements applicable to major federal awards programs expressed an unqualified opinion.
6. No findings were required to be reported by *OMB Circular A-133*.
7. The College District's major programs were:

<u>Program/Cluster</u>	<u>CFDA Number</u>
Student Financial Assistance Cluster	
Federal Pell Grant Program	84.063
Federal Supplemental Educational Opportunity Grant	84.007
Federal Work Study Program	84.033
Even Start - State Educational Agencies	84.213c
Child Care & Development Block Grant	93.575

8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined by *OMB Circular A-133*.
9. The College District qualifies as a low-risk auditee as identified by *OMB Circular A-133*.

**Findings Required to be Reported by *Government Auditing Standards*.**

No matters were reported.

**Findings Required to be Reported by *OMB Circular A-133*.**

No matters were reported.

**Summary Schedule of Prior Audit Findings.**

No matters were reported.

**SOUTHWESTERN OREGON COMMUNITY COLLEGE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2005**

<b>Federal Grantor/pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Agency or Pass Through Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Direct programs:			
Student Financial Assistance			
Federal Pell Grant Program	84.063		\$ 1,633,789
Federal Supplemental Educational Opportunity Grant	84.007		73,934
Federal Work Study Program	84.033		<u>94,185</u>
Total Student Financial Aid Cluster			<u>1,801,908</u>
TRIO Program Cluster			
Educational Talent Search	84.044A		503,368
Student Support Services	84.042A		275,117
Upward Bound	84.047A		<u>259,529</u>
Total TRIO Cluster			<u>1,038,014</u>
Other Education Programs			
Child Care Access Means Parents in Schools	84.335A		<u>13,834</u>
Subtotal direct programs			<u>2,853,755</u>
Pass-through programs from:			
State of Oregon, Department of Education			
Even Start - State Educational Agencies	84.213c		320,674
Vocational Education - Basic Grants to States	84.048A		178,647
Community Colleges & Workforce Development			
Adult Education - State Grant Program	84.002	445	141,821
League for Innovation in the Community College Consortium			
College and Career Transitions Initiative			
Vocational Education National Program	84.051B		<u>133,759</u>
Subtotal pass-through programs			<u>774,901</u>
Total U.S. Department of Education			<u>3,628,656</u>
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
Pass-through programs from:			
Coos County, Commission on Children and Families			
Child Care & Development Block Grant	93.575		165,452
Curry County, Commission on Children and Families			
Child Care and Development Block Grant	93.575		10,000
Child Care Resource & Referral Network			
Child Care & Development Block Grant	93.575		114,540
Oregon Council on Developmental Disabilities			
Child Care & Development Block Grant	93.575		<u>1,631</u>
Subtotal Child Care & Development Block Grant (carried forward to next page)			291,623

**SOUTHWESTERN OREGON COMMUNITY COLLEGE**  
**Schedule of Expenditures of Federal Awards (continued)**  
**For the Year Ended June 30, 2005**

<b>Federal Grantor/pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Agency or Pass Through Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (continued)</b>			
Pass-through programs from (sub-total carried from previous page):			\$ 291,623
South Coast Business Employment Corporation			
Temporary Assistance to Needy Families	93.558		230,440
Nutrition Services & Initiative Program	93.053		8,463
Coos County Commission on Children and Families			
Early Learning Fund	93.577		74,602
Total U.S. Department of Health & Human Services			<u>605,129</u>
<b>OTHER PROGRAMS</b>			
SMALL BUSINESS ADMINISTRATION			
Pass-through programs from:			
Lane Community College			
Small Business Development Center	59.037		34,046
U.S. DEPARTMENT OF LABOR			
Direct programs:			
Employment & Training Center Administration	17.261		10,007
Pass-through programs from:			
State of Oregon Department of Community Colleges and Workforce Development			
Workforce Investment Act: Dislocated Worker	17.260		74,750
Workforce Investment Act: Incentives Grants - Section 503 Grants to States	17.267		23,997
Workforce Investment Act: Healthcare Workforce Initiative, Employment and Training	17.257		38,408
State of Oregon, Child Care Referral and Resource Network Employment Service	17.207		1,000
U.S. DEPARTMENT OF COMMERCE			
Direct programs:			
Public Telecommunications and Facilities Planning and Construction	11.550		31,839
NATIONAL SCIENCE FOUNDATION			
Direct programs:			
Education and Human Resources	47.076		49,907
U.S. DEPARTMENT OF AGRICULTURE			
Pass-through programs from:			
State of Oregon, Department of Education			
Child and Adult Food Program	10.558	2111	352,326
National Forest-Dependent Rural Communities	10.670		22,297
Sub-total other programs (carried forward to next page)			<u>638,577</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2005**

<u>Federal Grantor/pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass Through Number</u>	<u>Expenditures</u>
<b>OTHER PROGRAMS (continued)</b>			
Sub-total other programs (carried from previous page)			\$ 638,577
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Direct programs:			
Retired Senior Volunteer Program	94.002		64,206
Pass-through programs from:			
Ogilvy Public Relations Worldwide			
Retired Senior Volunteer Program - Medicare			<u>22,500</u>
Total Other Programs			<u>725,283</u>
Total expenditures of federal awards			<u>\$ 4,959,068</u>

**SOUTHWESTERN OREGON COMMUNITY COLLEGE DISTRICT**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2005**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southwestern Oregon Community College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 - FEDERAL FAMILY EDUCATION LOAN PROGRAMS**

The amounts of new Federal Family Education Loan Program student loans disbursed by individual outside lending institutions during the year ended June 30, 2005 are as follows:

Federal Stafford Loans	\$ 1,338,648
Federal Plus Loans	194,076

Interest subsidies and other costs related to these loans are not listed on the schedule since these amounts go to the lender and not the College District.

**NOTE 3 - LOANS RECEIVABLE**

The College District had \$12,782 in Federal Perkins loans outstanding at June 30, 2005.

**NOTE 4 - SUBRECIPIENTS**

During the year ended June 30, 2005, the College District did not provide any financial awards to subrecipients.